

**COUNTY OF JONES**  
**Trenton, North Carolina**

**FINANCIAL STATEMENTS**

**For The Fiscal Year Ended June 30, 2015**

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Trenton, North Carolina

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**For The Fiscal Year Ended June 30, 2015**

Prepared By  
**BARROW, PARRIS & DAVENPORT, P.A.**  
Certified Public Accountants  
Kinston, North Carolina

# **JONES COUNTY, NORTH CAROLINA**

## **BOARD OF COMMISSIONERS**

**Sondra Ipock Riggs**  
Chairman

**Mike Haddock**

**Frank Emory**

**Zack Koonce**

**Joseph F. Wiggins**

## **COUNTY OFFICIALS**

**Franky Howard**  
County Manager

**Samuel Croom**  
Tax Supervisor/Collector

**Brenda Reece**  
Finance Officer

**Susan Gray**  
Register of Deeds

**Wes Stewart**  
Social Services Director

**Danny Heath**  
Sheriff

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**FINANCIAL SECTION**





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**INDEPENDENT AUDITOR'S REPORT**

The Board of County Commissioners  
Jones County, North Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jones County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Jones County's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We also audited the financial statements of Jones County ABC Board. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Jones County ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Opinions*

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jones County, North Carolina as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions, Local Government Employees' Retirement System's Schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 3 through 10, 58 through 59, 60 through 61, and 62 through 63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Jones County, North Carolina. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2015 on our consideration of Jones County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jones County's internal control over financial reporting and compliance.

*Barrow, Parris & Davenport, P.A.*

BARROW, PARRIS & DAVENPORT, P.A.  
KINSTON, NC

December 30, 2015

## Management's Discussion and Analysis

As management of Jones County, we offer readers of Jones County's financial statements this narrative overview and analysis of the financial activities of Jones County for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

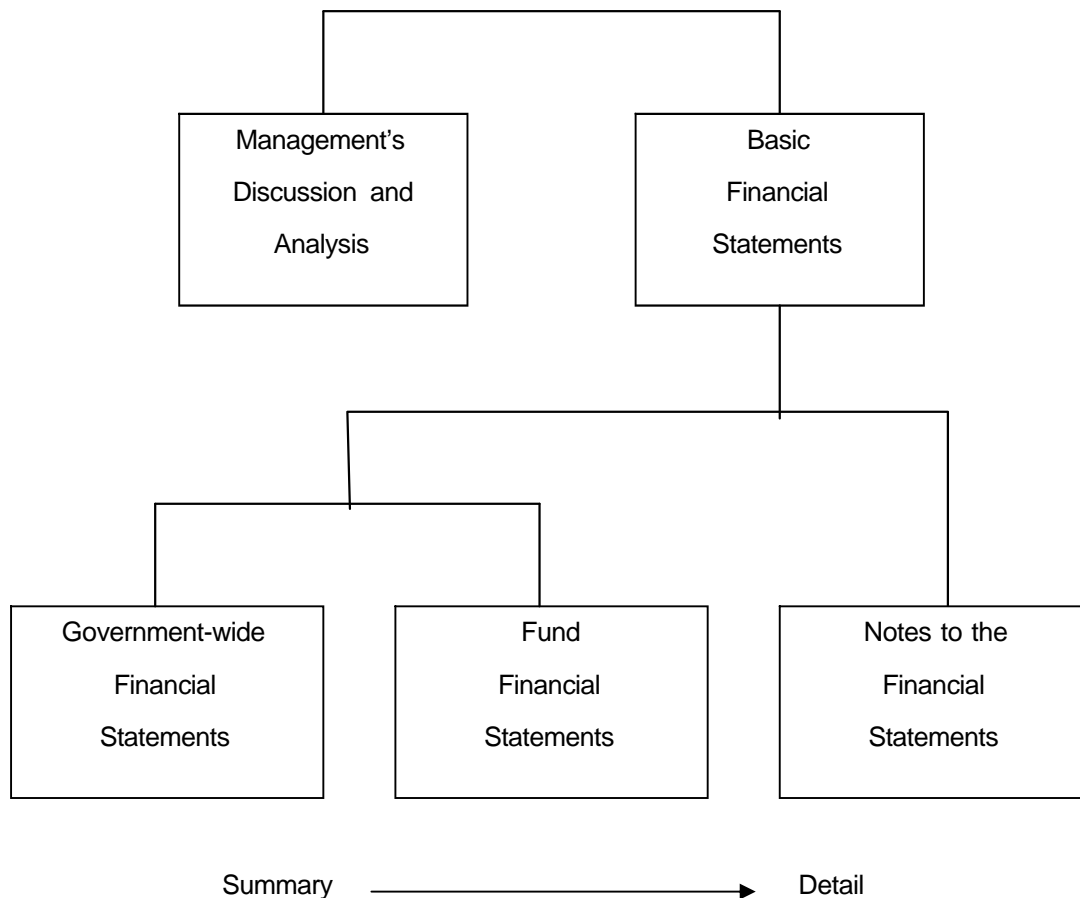
- The assets and deferred outflows of resources of Jones County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$18,652,800 (*net position*).
- The government's total net position decreased by \$231,721, primarily due to decreased net position in the governmental funds resulting from an overall decrease in Federal and state grant monies.
- As of the close of the current fiscal year, Jones County's governmental funds (which include the general and special revenue funds) reported combined ending fund balances of \$7,577,919, a decrease of \$872,704 in comparison with the prior year. At June 30, 2015, approximately 33.94% of this total amount or \$2,572,282 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,101,697, or 30.73% of total general fund expenditures for the fiscal year.
- Jones County's total debt decreased by \$708,651 (10.56%) during the current fiscal year. The County incurred \$83,239 in new debt from the NC Drinking Water State Revolving Loan. During the year, accrued interest earned on Qualified Zone Academy Bonds in the amount of \$181,477 was used to pay down the balance of the bond debt.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Jones County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Jones County.

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**Required Components of Annual Financial Report**  
**Figure 1**



### **Basic Financial Statements**

#### **Basic Financial Statements**

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plan.

## **Management's Discussion and Analysis (continued)**

### *County of Jones*

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. This includes the water service offered by Jones County. The final category is the component unit. Jones County ABC Board is legally separate from the County however the County is financially accountable for the Board by appointing its members. Also, the ABC Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

#### **Fund Financial Statements**

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Jones County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Jones County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Jones County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – Jones County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Jones County uses enterprise funds to account for its water activity. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Jones County has one fiduciary fund, which is an agency fund.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 23 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Jones County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 58 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$18,652,800 as of June 30, 2015. The County's net position decreased by \$231,721 for the fiscal year ended June 30, 2015. One of the largest portions \$10,723,438 (57.49%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Jones County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Jones County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Jones County's net position \$2,598,294 (13.93%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,331,068 (29.63%) is unrestricted.

#### Jones County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$9,314,351	\$9,883,710	\$2,968,034	\$2,884,219	\$12,282,385	\$12,767,929
Capital assets	6,092,330	6,218,539	8,286,956	8,495,502	14,379,286	14,714,041
<b>Total assets</b>	<b>\$15,406,681</b>	<b>\$16,102,249</b>	<b>\$11,254,990</b>	<b>\$11,379,721</b>	<b>\$26,661,671</b>	<b>\$27,481,970</b>
Total deferred outflows of resources	\$229,200	\$241,684	\$18,919	\$19,775	\$248,119	\$261,459
Current Liabilities	\$647,702	\$592,509	\$206,277	\$350,356	\$853,979	\$942,865
Long-Term Liabilities	4,045,205	5,418,186	2,335,943	2,461,429	6,381,148	7,879,615
<b>Total liabilities</b>	<b>\$4,692,907</b>	<b>\$6,010,695</b>	<b>\$2,542,220</b>	<b>\$2,811,785</b>	<b>\$7,235,127</b>	<b>\$8,822,480</b>
Total deferred inflows of resources	\$946,874	\$36,428	\$74,989	\$0	\$1,021,863	\$36,428
Net position:						
Net investment in capital assets	\$4,724,824	\$4,723,300	\$5,998,614	\$6,140,183	\$10,723,438	\$10,863,483
Restricted	2,570,908	2,948,292	27,386	27,343	2,598,294	2,975,635
Unrestricted	2,700,368	2,625,218	2,630,700	2,420,185	5,331,068	5,045,403
<b>Total net position</b>	<b>\$9,996,100</b>	<b>\$10,296,810</b>	<b>\$8,656,700</b>	<b>\$8,587,711</b>	<b>\$18,652,800</b>	<b>\$18,884,521</b>

*Management's Discussion and Analysis (continued)*  
*County of Jones*

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes has allowed Jones County to maintain a collection percentage of 97.05% which has increased slightly compared to last year's collection rate of 95.43%.
- Jones County Administration, including all department heads and employees, has strived to reduce spending to stay in line with reduced revenues.
- Jones County has also begun utilizing an outside collection agency to collect outstanding utility bills.

**Jones County's Changes in Net Position**

**Figure 3**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<i>Revenues:</i>						
Program revenues:						
Charges for services	\$1,192,362	\$1,100,218	\$1,245,814	\$1,263,023	\$2,438,176	\$2,363,241
Operating grants and contributions	3,382,352	3,726,090	75,336	68,717	3,457,688	3,794,807
Capital grants and contributions	150,000	300,000			150,000	300,000
General revenues:						
Property taxes	6,387,204	6,280,729			6,387,204	6,280,729
Other taxes	1,529,652	1,356,938			1,529,652	1,356,938
Grants and contributions not restricted to specific programs	144,542	187,526			144,542	187,526
Other	25,666	45,662	5	42	25,671	45,704
<b>Total revenues</b>	<b>\$12,811,778</b>	<b>\$12,997,163</b>	<b>\$1,321,155</b>	<b>\$1,331,782</b>	<b>\$14,132,933</b>	<b>\$14,328,945</b>
<i>Expenses:</i>						
General government	\$2,479,211	\$2,274,824			\$2,479,211	\$2,274,824
Public safety	3,618,924	3,300,754			3,618,924	3,300,754
Environmental Protection	565,316	490,216			565,316	490,216
Economic and physical development	610,764	560,928			610,764	560,928
Human services	3,507,907	3,762,235			3,507,907	3,762,235
Cultural and recreation	220,138	245,626			220,138	245,626
Education	2,331,891	2,023,490			2,331,891	2,023,490
Interest on long-term debt	59,814	65,028			59,814	65,028
Water			\$1,021,659	\$1,090,479	1,021,659	1,090,479
<b>Total expenses</b>	<b>\$13,393,965</b>	<b>\$12,723,101</b>	<b>\$1,021,659</b>	<b>\$1,090,479</b>	<b>\$14,415,624</b>	<b>\$13,813,580</b>
<b>Increase in net position before transfers</b>	<b>(\$582,187)</b>	<b>\$274,062</b>	<b>\$299,496</b>	<b>\$241,303</b>	<b>(\$282,691)</b>	<b>\$515,365</b>
Special Item - Donated Assets		176,686				176,686
Special Item - Transfer to Lenoir County		(357,974)				(357,974)
Special Item - Gain from Reduction of QZAB Debt Payable	181,477				181,477	
Special Item - Loss on Disposal of Fixed Assets			(130,507)		(130,507)	
Transfers	100,000	100,000	(100,000)	(100,000)		
<b>Increase (Decrease) in net position</b>	<b>(\$300,710)</b>	<b>\$192,774</b>	<b>\$68,989</b>	<b>\$141,303</b>	<b>(\$231,721)</b>	<b>\$334,077</b>
Net position, beginning	10,788,777	10,596,003	8,630,132	8,488,829	19,418,909	19,084,832
Net position, beginning, restated	10,296,810	10,596,003	8,587,711	8,488,829	18,884,521	19,084,832
<b>Net position, ending</b>	<b>\$9,996,100</b>	<b>\$10,788,777</b>	<b>\$8,656,700</b>	<b>\$8,630,132</b>	<b>\$18,652,800</b>	<b>\$19,418,909</b>

*Management's Discussion and Analysis (continued)*  
*County of Jones*

**Governmental Activities.** Governmental activities decreased the County's net position by \$300,710 compared to an increase of \$192,774 in 2014. Key elements of the decrease in 2015 are as follows:

- The Board of County Commissioners has continued to operate the County within a lean and conservative budget, however, with decreased federal and State grant monies, this continues to remain challenging.
- Monthly review of the year-to-date expenditures by the Finance Officer and the County Manager have ensured that the County remained within the approved operating budget.

**Business-type activities:** Business-type activities increased Jones County's net position by \$68,989 compared to an increase of \$141,303 in 2014. Key elements of this increase in 2015 are as follows:

- Continued diligence in water and sewer revenue collections.

*Financial Analysis of the County's Funds*

As noted earlier, Jones County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of Jones County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Jones County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Jones County. At the end of the current fiscal year, Jones County's fund balance available in the General Fund was \$5,761,988, while total fund balance reached \$7,544,464. Of this fund balance available, \$783,088 is restricted, \$682,450 is committed, and \$188,035 is assigned, leaving \$4,108,415 unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 30.78% of total General Fund expenditures, while total fund balance represents 56.53% of that same amount. The Governing Body of Jones County has determined that the county should maintain an available fund balance between 18% and 24% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. As of June 30, 2015, Jones County is within the range established by the Board.

At June 30, 2015, the governmental funds of Jones County reported a combined fund balance of \$7,577,919 compared to \$8,450,623 at June 30, 2014. The primary reason for this decrease is the decrease in the fund balance in the General Fund.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased budgeted expenditures by \$1,630,112.

**Proprietary Funds.** Jones County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$2,630,700. The total growth in net position was \$68,989. Other factors concerning the finances of this fund have already been addressed in the discussion of Jones County's business-type activities.



### Capital Asset and Debt Administration

**Capital assets.** Jones County's capital assets for its governmental and business – type activities as of June 30, 2015, totals \$14,379,287 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, and infrastructure.

Major capital asset transactions during the year include:

- The County purchased an ambulance at a cost of \$128,486.
- The County completed work to rehab Well #5 for the water system at a cost of \$66,606. This rehab project turned Well #5 into a certified PEE DEE aquifer well. It was previously a Black Creek aquifer well which is being restricted by the State.
- The County implemented an automatic meter reading system in the enterprise fund with fixed asset additions related to this project totaling \$2,006,183. As a result of this new system, obsolete meters with a total purchase cost of \$421,133 were disposed.

#### Jones County's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$473,151	\$481,347	\$54,808	\$54,808	\$527,959	\$536,155
Buildings and system	4,868,338	5,014,766	8,143,780	6,480,605	13,012,118	11,495,371
Machinery and equipment	635,255	603,798	50,922	45,885	686,177	649,683
Infrastructure	115,585	118,628			115,585	118,628
Construction in Progress			37,447	1,914,204	37,447	1,914,204
<b>Total</b>	<b>\$6,092,330</b>	<b>\$6,218,539</b>	<b>\$8,286,957</b>	<b>\$8,495,502</b>	<b>\$14,379,287</b>	<b>\$14,714,041</b>

Additional information on the County's capital assets can be found in note III. (A) (5) of the Basic Financial Statements.

#### Long-term Debt.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Qualified Zone Academy Bonds	\$48,233	\$280,122			\$48,233	\$280,122
Qualified School Construction Bonds	1,833,333	2,000,000			1,833,333	2,000,000
Installment Purchases	1,829,044	2,072,162	\$2,288,343	\$2,355,320	4,117,387	4,427,482
	<b>\$3,710,610</b>	<b>\$4,352,284</b>	<b>\$2,288,343</b>	<b>\$2,355,320</b>	<b>\$5,998,953</b>	<b>\$6,707,604</b>

Jones County's total debt decreased by \$708,651 (10.56%) during the past fiscal year. The County incurred only \$83,239 in new debt from the NC Drinking Water State Revolving Loan.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Jones County is \$64,605,235. At June 30, 2015, Jones County had general obligations and capitalized leases outstanding of \$5,998,953 that are to be considered within the legal debt margin.

Additional information regarding Jones County's long-term debt can be found in note III. (B) (6) beginning on page 50 of this audited financial report.

### **Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the County.

- As of June 30, 2015, the County unemployment rate was 6.1%. This is just above the State average of 5.8%. Jones County has a labor force of 4,604 with only 265 that are unemployed.
- As of June 30, 2015, total building permits issued were 533. This was down from the 550 that were issued as of June 30, 2014. Total square footage that was permitted decreased 34.26% from 197,184 square feet at June 30, 2014. The total square footage that was permitted at June 30, 2015 was 129,623 square feet.
- Jones County Economic Development is partnering in the development of a new Industrial Park north of Pollocksville on Highway 17. This project will bring 38 new jobs and a total private investment of over \$1.5 million. Over \$2 million in grants have been secured to expand water and sewer to this project. The utility expansion part of this project has been completed. Technical Control Consultants has begun building Phase one of their new facility.
- Highway 17 improvements have been announced as fully funded. This will be a four lane highway 17 from Onslow County line up to Craven County line. Construction began in 2015, and right-of-way decisions are underway with property owners along the corridor.

### *Budget Highlights for the Fiscal Year Ending June 30, 2016*

**Governmental Activities:** The County had to increase the property tax rate to .79 for 2016. This is a two cents increase from 2015. The County continues to strive to keep a lean budget and is making every effort to increase the collection rate county wide.

**Business – type Activities:** Water Enterprise operating expenses will remain relatively level. There have been cuts in overhead cost, however that is offset by budgeted set asides for future construction needs and a new meter replacement program. Tap fees have been adjusted to better offset the actual cost involved with installing new services. A new tiered rate structure was implemented that would help to promote water conservation. This will also make the water system more eligible for future grants. Plans are also underway to develop an alternative water supply for Jones County using the Castle Hayne Aquifer. This will give Jones County three water sources to ensure that the County is prepared to provide water to customers and citizens long term.

### *Requests for Information*

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Jones County Finance Office, 418 Hwy 58 North (Post Office Box 266), Trenton, NC 28585. You can also call (252) 448-7571 or visit our website at [www.jonescountync.gov](http://www.jonescountync.gov) for more information.

**BASIC FINANCIAL STATEMENTS**

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Jones County ABC Board
<i>Assets:</i>				
Cash and Cash Equivalents	\$6,322,753	\$2,455,009	\$8,777,762	\$15,475
Receivables (Net)	633,678	185,971	819,649	
Due From Other Governments	543,741	76,606	620,347	
Inventories	1,374	71,871	73,245	107,302
Prepaid Items				3,606
Restricted Cash and Cash Equivalents	148,221	147,886	296,107	
Net Pension Asset	392,333	30,691	423,024	9,555
Notes Receivable:				
Due Within One Year	242,355		242,355	
Due in More Than One Year	1,029,896		1,029,896	
Capital Assets:				
Land, Improvements, and Construction in Progress	473,151	92,255	565,406	
Other Capital Assets, Net of Depreciation	5,619,179	8,194,701	13,813,880	25,572
Total Capital Assets	<b>\$6,092,330</b>	<b>\$8,286,956</b>	<b>\$14,379,286</b>	<b>\$25,572</b>
<b>Total Assets</b>	<b>\$15,406,681</b>	<b>\$11,254,990</b>	<b>\$26,661,671</b>	<b>\$161,510</b>
<b>Deferred Outflows of Resources</b>	<b>\$229,200</b>	<b>\$18,919</b>	<b>\$248,119</b>	<b>\$6,584</b>
<i>Liabilities:</i>				
Accounts Payable and Accrued Expenses	\$633,072	\$85,777	\$718,849	\$58,914
Accrued Interest Payable	14,630		14,630	
Liabilities to be Paid From Restricted Assets		120,500	120,500	
Long-term Liabilities:				
Due within one year	385,346	150,761	536,107	
Due in more than one year	3,659,859	2,185,182	5,845,041	
Total Long-term Liabilities	<b>\$4,045,205</b>	<b>\$2,335,943</b>	<b>\$6,381,148</b>	<b>\$0</b>
<b>Total Liabilities</b>	<b>\$4,692,907</b>	<b>\$2,542,220</b>	<b>\$7,235,127</b>	<b>\$58,914</b>
<b>Deferred Inflows of Resources</b>	<b>\$946,874</b>	<b>\$74,989</b>	<b>\$1,021,863</b>	<b>\$24,510</b>
<i>Net Position:</i>				
Net Investment In Capital Assets	\$4,724,824	\$5,998,614	\$10,723,438	\$25,572
Restricted For:				
Register of Deeds	47,299		47,299	
General Government	7,768		7,768	
Environmental Protection	29,210		29,210	
Education	533,014		533,014	
Stabilization by State Statute	1,786,061		1,786,061	
Human Services	87,056		87,056	
Public Safety	1,759		1,759	
Working Capital				26,650
USDA Loan Payments	78,741	27,386	106,127	
Unrestricted	2,700,368	2,630,700	5,331,068	32,448
<b>Total Net Position</b>	<b>\$9,996,100</b>	<b>\$8,656,700</b>	<b>\$18,652,800</b>	<b>\$84,670</b>

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues	
		Operating	Capital
		Charges for Grants and	Grants and
		Services Contributions	Contributions
<b>Primary Government:</b>			
Governmental Activities:			
General Government	\$2,479,211	\$178,263	
Public Safety	3,618,924	578,015	\$118,667
Environmental Protection	565,316	349,024	97,640
Economic and Physical Development	610,764	45,990	396,060
Human Services	3,507,907	40,306	2,727,967
Cultural and Recreation	220,138	764	
Education	2,331,891		42,018
Interest on Long-Term Debt	59,814		\$150,000
<b>Total Governmental Activities</b>	<b>\$13,393,965</b>	<b>\$1,192,362</b>	<b>\$3,382,352</b>
			<b>\$150,000</b>
Business-type Activity:			
Water	\$1,021,659	\$1,245,814	\$75,336
<b>Total Business-type Activities</b>	<b>\$1,021,659</b>	<b>\$1,245,814</b>	<b>\$75,336</b>
			<b>\$0</b>
	<b>\$14,415,624</b>	<b>\$2,438,176</b>	<b>\$3,457,688</b>
			<b>\$150,000</b>
Component Units:			
ABC Board	\$892,230	\$894,682	
<b>Total Component Unit</b>	<b>\$892,230</b>	<b>\$894,682</b>	<b>\$0</b>
			<b>\$0</b>

*General Revenues:*

Taxes:

Property Taxes, Levied for General Purpose

Local Option Sales Tax

Other Taxes and Licenses

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings, Unrestricted

**Total General Revenues Excluding Transfers**

*Special Item - Gain from Reduction of QZAB Debt Payable*

*Special Item - Loss on Disposal of Fixed Assets*

Transfers

**Total General Revenues, and Transfers**

**Change in Net Position**

*Net Position, Beginning, Previously Reported*

*Restatement*

*Net Position, Beginning, Restated*

**NET POSITION, ENDING**

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2015

Net (Expense) Revenue and Changes in Net Position			Component Unit Jones County ABC Board
Primary Government			
Governmental Activities	Business-type Activities	Total	
(\$2,300,948)		(\$2,300,948)	
(2,922,242)		(2,922,242)	
(118,652)		(118,652)	
(168,714)		(168,714)	
(739,634)		(739,634)	
(219,374)		(219,374)	
(2,139,873)		(2,139,873)	
(59,814)		(59,814)	
(\$8,669,251)	\$0	(\$8,669,251)	
	\$299,491	\$299,491	
\$0	\$299,491	\$299,491	
(\$8,669,251)	\$299,491	(\$8,369,760)	
			\$2,452
			\$2,452
\$6,387,204		\$6,387,204	
1,063,746		1,063,746	
465,906		465,906	
144,542		144,542	
25,666	\$5	25,671	
\$8,087,064	\$5	\$8,087,069	\$0
181,477		181,477	
	(130,507)	(130,507)	
100,000	(100,000)		
\$8,368,541	(\$230,502)	\$8,138,039	\$0
(\$300,710)	\$68,989	(\$231,721)	\$2,452
10,788,777	8,630,132	19,418,909	96,882
(491,967)	(42,421)	(534,388)	(14,664)
10,296,810	8,587,711	18,884,521	82,218
\$9,996,100	\$8,656,700	\$18,652,800	\$84,670

The notes to the financial statements are an integral part of this statement.

JONES COUNTY, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015

	Major	Non-Major	
	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$6,320,994	\$1,759	\$6,322,753
Restricted Cash	114,766	33,455	148,221
Receivables, Net	545,430		545,430
Due From Other Governments	538,782	4,959	543,741
Due From Other Funds	4,959		4,959
Current Portion-Notes Receivable	242,355		242,355
Inventories	1,374		1,374
Notes Receivable	1,029,896		1,029,896
<b>TOTAL ASSETS</b>	<b>\$8,798,556</b>	<b>\$40,173</b>	<b>\$8,838,729</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Liabilities:</i>			
Accounts Payable and Accrued Liabilities	\$631,313	\$1,759	\$633,072
Due to Other Funds		4,959	4,959
<b>Total Liabilities</b>	<b>\$631,313</b>	<b>\$6,718</b>	<b>\$638,031</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$622,779</b>	<b>\$0</b>	<b>\$622,779</b>
<i>Fund Balances:</i>			
Nonspendable:			
Inventories	\$1,374		\$1,374
Restricted:			
Stabilization by State Statute	1,781,102	\$4,959	1,786,061
Register of Deeds	47,299		47,299
Fire Protection		1,759	1,759
Health Department	87,056		87,056
Facility Fees	7,768		7,768
White Goods	29,210		29,210
School Capital	533,014		533,014
USDA Loan Payments	78,741		78,741
Committed:			
Economic Development	682,450		682,450
Tax Revaluation		33,455	33,455
Assigned:			
Long-Term Screening	177,925		177,925
Soil Conservation	10,110		10,110
Unassigned	4,108,415	(6,718)	4,101,697
<b>Total Fund Balances</b>	<b>\$7,544,464</b>	<b>\$33,455</b>	<b>\$7,577,919</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$8,798,556</b>	<b>\$40,173</b>	

JONES COUNTY, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015

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Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds	\$7,577,919
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,092,330
Net pension asset	392,333
Contributions to pension plans in the current fiscal year that are deferred outflows of resources on the Statement of Net Position	228,998
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	88,248
Deferred inflows of resources for taxes and special assessments receivable	580,320
Pension related deferrals	(904,213)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 6).	(4,059,835)
<b>Net Position of Governmental Activities</b>	<b>\$9,996,100</b>

The notes to the financial statements are an integral part of this statement.



**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For The Fiscal Year Ended June 30, 2015

	<u>Major</u>	<u>Non-Major</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>			
Ad Valorem Taxes	\$6,354,788	\$102,243	\$6,457,031
Local Option Sales Taxes	1,063,746		1,063,746
Other Taxes and Licenses	465,906		465,906
Unrestricted Intergovernmental	133,745		133,745
Restricted Intergovernmental	3,179,030	443,705	3,622,735
Permits and Fees	214,489		214,489
Sales and Services	792,330		792,330
Investment Earnings	25,666		25,666
Miscellaneous	144,054		144,054
<b>TOTAL REVENUES</b>	<b>\$12,373,754</b>	<b>\$545,948</b>	<b>\$12,919,702</b>
<b>EXPENDITURES:</b>			
<i>Current:</i>			
General Government	\$2,294,295		\$2,294,295
Public Safety	3,665,258	\$102,243	3,767,501
Environmental Protection	501,891	67,645	569,536
Economic and Physical Development	200,163	376,060	576,223
Human Services	3,570,526		3,570,526
Cultural and Recreational	186,875		186,875
Miscellaneous-County	75,154		75,154
<i>Intergovernmental:</i>			
Education	2,331,891		2,331,891
<i>Debt Service:</i>			
Principal	460,197		460,197
Interest	60,208		60,208
<b>Total Expenditures</b>	<b>\$13,346,457</b>	<b>\$545,948</b>	<b>\$13,892,406</b>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	<b>(\$972,704)</b>	<b>\$0</b>	<b>(\$972,704)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers from Other Funds	\$100,000	\$25,000	\$125,000
Transfers to Other Funds	(25,000)		(25,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$75,000</b>	<b>\$25,000</b>	<b>\$100,000</b>
<b>Net Change in Fund Balance</b>	<b>(\$897,704)</b>	<b>\$25,000</b>	<b>(\$872,704)</b>
<i>Fund Balances, Beginning</i>	8,442,168	8,455	8,450,623
<b>FUND BALANCES, ENDING</b>	<b>\$7,544,464</b>	<b>\$33,455</b>	<b>\$7,577,919</b>

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For The Fiscal Year Ended June 30, 2015**

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Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	(\$872,704)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(114,543)
Costs of capital assets disposed of during the year, not recognized on modified accrual basis	(11,668)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	247,915
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(166,161)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	641,674
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(25,223)
<b>Total Changes in Net Position of Governmental Activities</b>	<b><u>(\$300,710)</u></b>

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Fiscal Year Ended June 30, 2015

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Positive (Negative)</b>
<i>Revenues:</i>				
Ad Valorem Taxes	\$6,032,226	\$6,032,226	\$6,354,788	\$322,562
Local Option Sales Tax	1,077,000	1,045,000	1,063,746	18,746
Other Taxes and Licenses	278,823	278,823	465,906	187,083
Unrestricted Intergovernmental	120,000	121,479	133,745	12,266
Restricted Intergovernmental	3,484,925	3,227,809	3,179,030	(48,779)
Permits and Fees	183,677	280,614	214,489	(66,125)
Sales and Services	454,500	749,250	792,330	43,080
Investment Earnings	44,000	44,000	25,666	(18,334)
Miscellaneous	124,820	222,572	144,054	(78,518)
<b>Total Revenues</b>	<b>\$11,799,971</b>	<b>\$12,001,773</b>	<b>\$12,373,754</b>	<b>\$371,981</b>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	\$2,211,332	\$2,511,631	\$2,294,295	\$217,336
Public Safety	3,287,017	3,843,841	3,665,258	178,583
Environmental Protection	604,199	598,893	501,891	97,002
Economic and Physical Development	219,812	219,812	200,163	19,649
Human Services	3,777,300	4,163,648	3,570,526	593,122
Cultural and Recreational	84,643	197,133	186,875	10,258
Miscellaneous-County	130,000	191,447	75,154	116,293
<i>Intergovernmental:</i>				
Education	2,159,924	2,377,934	2,331,891	46,043
<i>Debt Service:</i>				
Principal Retirement	460,197	460,197	460,197	
Interest	104,303	104,303	60,208	44,095
<b>Total Expenditures</b>	<b>\$13,038,727</b>	<b>\$14,668,839</b>	<b>\$13,346,458</b>	<b>\$1,322,381</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$1,238,756)</b>	<b>(\$2,667,066)</b>	<b>(\$972,704)</b>	<b>\$1,694,362</b>
<i>Other Financing Sources (Uses):</i>				
Transfers (To) From Other Funds	\$100,000	\$69,000	\$75,000	\$6,000
Appropriated Fund Balance	1,138,756	2,598,066		(2,598,066)
<b>Total Other Financing Sources (Uses)</b>	<b>\$1,238,756</b>	<b>\$2,667,066</b>	<b>\$75,000</b>	<b>(\$2,592,066)</b>
<b>Net Change in Fund Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$897,704)</b>	<b>(\$897,704)</b>
<i>Fund Balances:</i>				
Beginning of Year, July 1			8,442,168	
<b>End of Year, June 30</b>			<b>\$7,544,464</b>	

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2015

	<b>Major Fund</b>
	<b>Water</b>
<b><u>ASSETS</u></b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$2,455,009
Receivables, Net	185,971
Due From Other Governments	76,606
Inventories	71,871
<b>Total Current Assets</b>	<b>\$2,789,457</b>
<i>Noncurrent Assets:</i>	
Restricted Cash and Cash Equivalents	\$147,886
Net Pension Asset	30,691
<i>Capital Assets:</i>	
Land, Improvements, and Construction in Progress	92,255
Other Capital Assets, Net of Depreciation	8,194,702
<b>Total Capital Assets</b>	<b>\$8,286,957</b>
<b>TOTAL ASSETS</b>	<b>\$11,254,991</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$18,919</b>
<b><u>LIABILITIES</u></b>	
<i>Liabilities:</i>	
<i>Current Liabilities:</i>	
Accounts Payable	\$85,778
Current Portion of Installment Obligation Payable	150,761
<b>Total Current Liabilities</b>	<b>\$236,539</b>
<i>Noncurrent Liabilities:</i>	
Liabilities Payable from Restricted Assets:	
Customer Deposits	\$120,500
Compensated Absences	47,600
Installment Obligation Payable	2,137,582
<b>Total Noncurrent Liabilities</b>	<b>\$2,305,682</b>
<b>TOTAL LIABILITIES</b>	<b>\$2,542,221</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$74,989</b>
<i>Net Position:</i>	
Net Investment In Capital Assets	\$5,998,614
Restricted	27,386
Unrestricted	2,630,700
<b>Total Net Position</b>	<b>\$8,656,700</b>

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
For the Fiscal Year Ended June 30, 2015

	<b>Major Fund</b>
	<b>Water</b>
<i>OPERATING REVENUES:</i>	
Water Sales	\$1,178,413
Water Tap Fees	29,275
Reconnect Fees	24,440
Other Operating Revenues	13,686
<b>Total Operating Revenues</b>	<b>\$1,245,814</b>
<i>OPERATING EXPENSES:</i>	
Administration	\$215,245
Raw Water Supply Maintenance	526,603
Depreciation	259,148
<b>Total Operating Expenses</b>	<b>\$1,000,996</b>
<b>Operating Income</b>	<b>\$244,818</b>
<i>NONOPERATING REVENUES (EXPENSES)</i>	
Interest Earned on Investment	\$5
Interest on Long-Term Debt	(20,663)
N.C. Dept of Transportation Waterline Relocation Grant	37,447
N.C. Rural Economic Development Center Grant	37,889
Loss on Disposal of Fixed Assets	(130,507)
<b>Total Nonoperating Revenues</b>	<b>(\$75,829)</b>
Income (Loss) Before Contributions and Transfers	\$168,989
Transfers From (To) Other Funds	(100,000)
<b>Change in Net Position</b>	<b>\$68,989</b>
Total Net Position, Beginning	8,630,132
Restatement	(42,421)
Net Position, Beginning, Restated	8,587,711
<b>Total Net Position, Ending</b>	<b>\$8,656,700</b>

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUND**  
For the Fiscal Year Ended June 30, 2015

	<b>Major Fund</b>
	<b>Water</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received From Customers	\$1,222,444
Cash Paid for Goods and Services	(455,534)
Cash Paid to Employees for Services	(338,787)
Customer Deposits Received	26,400
Customer Deposits Returned	(22,315)
Other Operating Revenues	13,686
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$445,894</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers In (Out)	<b>(\$100,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and Construction of Capital Assets	(\$321,697)
Principal Paid on Indebtedness	(150,215)
Interest Paid on Indebtedness	(20,663)
Drinking Water State Revolving Fund Loan	466,944
Alternative Water Engineering Analysis Grant	40,000
NC Rural Economic Development Grant	28,171
NC Department of Transportation Grant	37,447
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>\$79,987</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on Investments	<b>\$5</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$425,886</b>
Cash and Cash Equivalents, July 1	2,177,009
<b>Cash and Cash Equivalents, June 30</b>	<b>\$2,602,895</b>
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
Operating Income (Loss)	<b>\$244,818</b>
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>	
Depreciation	\$259,148
Pension Expense	1,877
<i>Changes in Operating Assets and Liabilities:</i>	
Decrease (Increase) in Accounts Receivable	(9,684)
Decrease (Increase) in Inventory	(3,370)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(35,747)
Increase (Decrease) in Customer Deposits	4,085
Increase (Decrease) in Accrued Vacation Payable	3,686
Increase (Decrease) in Deferred Outflows of Resources for Pensions	(18,919)
<b>Total Adjustments</b>	<b>\$201,076</b>
<b>Net Cash Provided by (Used by) Operating Activities</b>	<b>\$445,894</b>

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
For the Year Ended June 30, 2015

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	<b>Agency Fund</b>
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$130,035
Accounts Receivable	9,858
<b>Total Assets</b>	<b>\$139,893</b>
<b><u>Liabilities and Net Position</u></b>	
<i>Liabilities:</i>	
Accounts Payable and Accrued Liabilities	\$139,893
<b>Total Liabilities</b>	<b>\$139,893</b>
<i>Net Position:</i>	
Assets Held in Trust	<b>\$0</b>

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Jones County and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. REPORTING ENTITY**

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Jones County Industrial Facility and Pollution Control Financing Authority (*Authority*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Jones County ABC Board (*Board*), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation). The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method.

<b>Component Unit</b>	<b>Reporting Method</b>	<b>Criteria for Inclusion</b>	<b>Separate Financial Statements</b>
Jones County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued
Jones County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Jones County ABC Board PO Box 86 Trenton, NC 28585

**B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING**

**Basis of Presentation, Measurement Focus – Basis of Accounting**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government net position (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed as in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.



**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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*Fund Financial Statements:* The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental fund:

*General Fund* – This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The County reports the following major enterprise fund:

*Water Fund* – This fund is used to account for the operations of the water system within the County.

The County reports the following fund types:

*Agency Funds* - Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following Agency Funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Jones County Board of Education, the Ad Valorem Tax Fund, which accounts for property taxes that are billed and collected by the County for municipalities and other taxing jurisdictions within the County but that are not revenues to the County, the Agricultural Extension Fund, which accounts for the moneys collected and disbursed by the cooperative extension office, the Animal Cruelty Fund, which accounts for the moneys collected and dispersed by the Animal Control department and the Miscellaneous Trust Fund which accounts for all other moneys collected and dispersed by the County for various other organizations in the County.

*Nonmajor Funds* – The County maintains four legally budgeted funds. The Hazard Mitigation Fund, the Property Revaluation Fund, the Community Development Block Grant Fund, and the Fire District Fund are reported as nonmajor special revenue funds.

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 30 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

### **C. BUDGETARY DATA**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Property Revaluation, and Fire Tax District Special Revenue Funds, and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Community Development Block Grant Fund, the Hazard Mitigation Special Revenue Fund, and the Enterprise Capital Project Funds, which are consolidated with the enterprise operating funds for reporting purposes.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is not authorized to transfer any appropriation within a fund. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. In the General Fund, revenues and expenditures were increased by \$1,630,112 due to budget amendments. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS, AND FUND EQUITY**

**1. Deposits and Investments**

All deposits of the County and Jones County ABC Board are made in board-designated official depositories and are secured as required by G.S. 159-31. The County and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The County and the ABC Board's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

**2. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**3. Cash and Cash Equivalents**

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. Jones County ABC Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

**4. Restricted Assets**

As a part of the two loan agreements with the US Department of Agriculture (USDA), the County has restricted cash equal to one annual loan payment including interest. To meet this requirement, the County has purchased two certificates of deposit at Branch Bank and Trust Company. The total amount of the cash restrictions, by the terms of the loan agreements, was \$78,741 and \$27,386 at June 30, 2015. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. These deposits amounted to \$156,525 at June 30, 2015. Money in the Tax Revaluation Fund in the amount of \$33,455 is classified as restricted cash because its use is restricted per North Carolina General Statute 153A-150. Total restricted cash at June 30, 2015 amounted to \$296,107.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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<b>Jones County Restricted Cash</b>	
<i>Governmental Activities:</i>	
General Fund - USDA Admin CD	\$78,741
General Fund - Customer Deposits	36,025
Tax Revaluation Fund - Tax Revaluation	33,455
<b>Total Governmental Activities</b>	<b>\$148,221</b>
<i>Business-Type Activities:</i>	
Utility Fund - Investments USDA Water CD	\$27,386
Utility Fund - Customer Deposits	120,500
<b>Total Business-Type Activities</b>	<b>\$147,886</b>
<b>Total Restricted Cash</b>	<b>\$296,107</b>

**5. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2014.

**6. Allowances for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

**7. Inventories and Prepaid Items**

The inventories of the County and the ABC Board are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the County's enterprise fund as well as those of the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's Enterprise Fund and that of the ABC Board is recorded as an expense as it is consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**8. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: land, \$1; Buildings, improvements, substations, lines and other plant and distribution systems, \$5,000; infrastructure, \$5,000; furniture and equipment, \$5,000; and vehicles, \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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The County holds title to certain Jones County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Jones County Board of Education.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	40 – 50
Plant and Distribution Systems	40 – 50
Infrastructure	50
Improvements	10 – 50
Furniture and Equipment	10
Vehicles and Motorized Equipment	5
Computer Equipment	5

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Years</u>
Buildings	20
Furniture and Equipment	10
Vehicles	10

**9. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criterion – pension related deferrals, and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has three items that meet the criterion for this category – prepaid taxes, prepaid rent, and other pension related deferrals.

**10. Long-Term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

**11. Compensated Absences**

The vacation policies of the County and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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The sick leave policies of the County and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the County nor the ABC Board has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**12. Net Position/Fund Balances**

**Net Position**

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

**Fund Balances**

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

**Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

**Restricted Fund Balance** – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Register of Deeds – portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted for Fire Protection – portion of fund balance that is restricted by revenue source for fire protection expenditures.

Restricted for Health Department – portion of fund balance that is restricted by revenue source to provide resources for the Health Department.

Restricted for Facility Fees – portion of fund balance that is restricted by revenue source for improvements to the courthouse.

Restricted for White Goods – portion of fund balance that is restricted by revenue source for white goods projects.

Restricted for School Capital – portion of fund balance that can only be used for School Capital per G.S. 159-18-22.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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Committed Fund Balance – Portion of fund balance that can only be used for specific purpose imposed by majority vote of Jones County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Economic Development – Portion of fund balance that can only be used for Economic Development.

Committed for Tax Revaluation – Portion of fund balance that can only be used for Tax Revaluation.

Assigned Fund Balance – portion of fund balance that the Jones County governing board has budgeted.

Assigned for Long-Term Screening – portion of fund balance that has been budgeted by the board for long-term screening.

Assigned for Soil Conservation – portion of fund balance that has been budgeted by the board for soil conservation.

Unassigned Fund Balance – Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Jones County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, and county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

Jones County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is maintained between 18% and 24% of budgeted expenditures. Any portion of the General Fund balance in excess of 24% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

### **13. Defined Benefit Pension Plans**

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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**E. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$2,418,181 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$9,876,151
Less Accumulated Depreciation	(3,783,821)
Net Capital Assets	\$6,092,330
Net Pension Asset	392,333
Contributions to the pension plan in the current fiscal year	228,998
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements.	88,248
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	580,320
Pension related deferrals	(904,213)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(3,710,610)
Compensated absences	(279,630)
Accrued interest payable	(14,630)
Net pension obligation	(54,965)
<b>Total Adjustment</b>	<b>\$2,418,181</b>

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

**2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$571,994 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$265,680
Cost of disposed capital assets not recorded in fund statements	(11,668)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(380,223)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	641,674
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	247,915
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	7,963
Net pension obligation is accrued in the government-wide statements but not in the fund statements because it does not use current resources.	(10,307)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	394
County's portion of collective pension expense	(23,273)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred inflows of resources - taxes receivable - 7/01/14	(488,402)
Recording of deferred inflows of resources - taxes receivable - at 6/30/15	412,868
Increase in accrued taxes receivable for year ended 6/30/15	5,707
Current year collections of receivables recorded as revenue in the fund statements this year but in the government-wide statements in the year they were assessed	(96,334)
<b>Total Adjustment</b>	<b>\$571,994</b>

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. SIGNIFICANT VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS**

**Noncompliance with North Carolina General Statutes**

Sheriffs must furnish a bond payable to the State of North Carolina under G.S. 162-8, with the amount determined by the governing board but not exceeding \$25,000. During the fiscal year ended June 30, 2015, the County failed to renew the sheriff's bond resulting in a six month lapse in coverage. Management will monitor renewal dates more closely in the future to avoid lapses in bond coverage.

**B. DEFICIT FUND BALANCE OR NET POSITION OF INDIVIDUAL FUNDS**

None noted.

**C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

During the fiscal year ended June 30, 2015, the County reported the following expenditures that violated State law [G.S. 159-28] because it exceeded the amount appropriated in the budget ordinance. Management will monitor budgets closely in the future to avoid expenditures in excess of appropriations.

	<u>Budget</u>	<u>Expenditures</u>	<u>Over Expended</u>
General Fund			
School Health Education			
Operating Expenses	\$65,000	\$75,412	\$10,412
Food/Lodging			
Operating Expenses	\$14,450	\$14,530	\$80
Hazard Mitigation Fund			
Legal	\$2,050	\$2,216	\$166
Community Development Block Grant Fund			
Technical Control Consultants Project			
Water Improvements	\$50,250	\$67,308	\$17,058
Sewer Improvements	\$207,500	\$319,257	\$111,757
Water Fund			
Water Administration, Billing & Collection	\$213,384	\$218,042	\$4,658
Raw Water Supply and Maintenance	\$498,625	\$537,161	\$38,536
Automatic Meter Reading Capital Project Fund			
Engineering	\$140,444	\$149,005	\$8,561
Advertisements	\$500	\$2,469	\$1,969

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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**III. DETAIL NOTES ON ALL FUNDS**

**A. ASSETS**

**1. Deposits**

All of the County's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2015, the County's deposits had a carrying amount of \$574,014 and a bank balance of \$819,047. Of the bank balance, \$395,432 was covered by federal depository insurance and \$426,698 in interest bearing accounts were covered by collateral held under the Pooling Method.

At June 30, 2015, Jones County had \$1,200 cash on hand.

At June 30, 2015, the ABC Board's deposits had a carrying amount of \$13,975 and a bank balance of \$55,716. All of the bank balance was covered by federal depository insurance. At June 30, 2015, the ABC Board had \$1,500 cash on hand.

**2. Investments**

At June 30, 2015, the County's investment balances were as follows:

	<b>Fair Value</b>
NC Capital Management Trust - Cash Portfolio	\$8,628,690
<b>Total Investments</b>	<b>\$8,628,690</b>

The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2015. The County has no policy on credit risk.

At June 30, 2015, the ABC Board had no investments.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

**3. Property Tax - Use-Value Assessment on Certain Lands**

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<b>Year Levied</b>	<b>Tax</b>	<b>Interest</b>	<b>Total</b>
2014	\$1,012,376	\$58,212	\$1,070,588
2013	712,115	105,037	817,152
2012	707,041	167,922	874,963
2011	649,716	212,782	862,498
<b>Total</b>	<b>\$3,081,248</b>	<b>\$543,953</b>	<b>\$3,625,201</b>

**4. Receivables**

Receivables at the government-wide level at June 30, 2015, were as follows:

	<b>Accounts</b>	<b>Taxes and Related Accrued Interest</b>	<b>Due From Other Governments</b>	<b>Total</b>
<i>Governmental Activities:</i>				
General	\$184,362	\$516,116	\$538,782	\$1,239,260
Other Governmental			4,959	4,959
<b>Total Receivables</b>	<b>\$184,362</b>	<b>\$516,116</b>	<b>\$543,741</b>	<b>\$1,244,219</b>
Allowance for Doubtful Accounts	(51,800)	(15,000)		(66,800)
<b>Total Governmental Activities</b>	<b>\$132,562</b>	<b>\$501,116</b>	<b>\$543,741</b>	<b>\$1,177,419</b>
<i>Business-type Activities:</i>				
Water	\$260,571		\$76,606	\$337,177
<b>Total Receivables</b>	<b>\$260,571</b>	<b>\$0</b>	<b>\$76,606</b>	<b>\$337,177</b>
Allowance for Doubtful Accounts	(74,600)			(74,600)
<b>Total Business-type Activities</b>	<b>\$185,971</b>	<b>\$0</b>	<b>\$76,606</b>	<b>\$262,577</b>

The due from other governments that is owed to the County consists of the following:

Various Human Services Revenues	\$180,656
Local option sales tax	183,818
Sales tax	109,497
Solid Waste	1,610
Scrap Tire	3,579
Hazard Mitigation Grant	4,592
Community Development Block Grant	367
Medicaid Hold Harmless	12,740
Medicaid Cost Settlement	46,882
<b>Total Governmental Activities</b>	<b>\$543,741</b>
NC Drinking Water State Revolving Loan Fund	\$10,000
NC Rural Economic Development	66,606
<b>Total Business-type Activities</b>	<b>\$76,606</b>
<b>Total Due From Other Governments</b>	<b>\$620,347</b>

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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Notes Receivable

The County has four loans from funds restricted for industrial development. The purpose of the loans is to increase the County tax base and create jobs. The subsequent repayments of these loans will likewise be restricted.

The first loan was made on February 5, 2007 to Defense Holdings, Inc. Defense Holdings Inc. is a manufacturing business and has used the proceeds to construct their operating facility. The terms of the loan call for monthly payments of \$9,578 including interest of 4.80%. Additionally, the agreement calls for a \$34,400 buyout fee unless the note is paid in full on or before January 31, 2016. Interest only payments were accepted beginning June 2012 and ending January 2014. Only 5 payments of principal and interest were made during the fiscal year ending June 30, 2015. The loan was amended on October 5, 2015 stating that for the period of August 1, 2015 through December 31, 2015, required monthly payments of \$5,000 will be applied first to past due amounts totaling \$22,014, with the balance of \$2,986 to be applied as a payment of rent due on December 1, 2015.

The second loan is related to an Economic Incentive Agreement with Technical Controls Consultants, LLC (TC2) and further with Helmick Properties, LLC which owns the TC2 site. The County has received Community Development Block Grant Funds to cover expenditures related to the TC2 project. On September 8, 2012, the County escrowed a contingency of \$121,250 to SoundBank for the benefit of Helmick in accordance with Helmick's loan commitment from SoundBank dated September 16, 2011. If any of these funds are drawn upon to complete the project, then Helmick will be required to start paying principal and interest on these funds at a rate of ½% below BB&T prime for a term of five years, payable monthly, beginning thirty days after the funds are drawn upon. The remaining escrow funds, if any, will be returned to the County. No funds have been drawn upon as of June 30, 2015.

The third loan was made on January 23, 2014 to Beer Army, LLC. The terms of the loan call for interest at 3% for 5 years and six equal monthly payments of interest only in the amount of \$750 with the first payment due March 1, 2014. Thereafter, Beer Army, LLC will make fifty-two equal payments of principal and interest in the amount of \$6,051 with one final payment of outstanding principal and interest due on February 1, 2019. No principal payments were made during the fiscal year ending June 30, 2015. On September 17, 2015, the County filed a complaint against Beer Army, LLC.

The following summarizes the expected collection on these notes:

<b>Principal Amounts Due for the Year Ended June 30:</b>	<b>Defense Holdings, Inc.</b>	<b>Helmick Properties LLC</b>	<b>Beer Army LLC</b>	<b>Total</b>
2016	\$121,626		\$120,729	\$242,355
2017	81,708		68,132	149,840
2018	85,717		70,205	155,922
2019	89,924		40,934	130,858
2020	94,336			94,336
2021-2025	377,689			377,689
Thereafter		\$121,250		121,250
	<b>\$851,000</b>	<b>\$121,250</b>	<b>\$300,000</b>	<b>\$1,272,250</b>

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

**5. Capital Assets**

Primary Government

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental Activities:</i>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$481,347	\$100	\$8,296	\$473,151
Total Capital Assets Not Being Depreciated	<b>\$481,347</b>	<b>\$100</b>	<b>\$8,296</b>	<b>\$473,151</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	\$7,214,898			\$7,214,898
Infrastructure	152,235			152,235
Equipment	1,924,483	\$265,580	\$154,196	2,035,867
Total Capital Assets Being Depreciated	<b>\$9,291,616</b>	<b>\$265,580</b>	<b>\$154,196</b>	<b>\$9,403,000</b>
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$2,175,132	\$171,427		\$2,346,560
Infrastructure	33,605	3,045		36,650
Equipment	1,345,686	205,751	\$150,824	1,400,612
Total Accumulated Depreciation	<b>\$3,554,424</b>	<b>\$380,223</b>	<b>\$150,824</b>	<b>\$3,783,821</b>
Total Capital Assets Being Depreciated, Net	<b>\$5,737,192</b>			<b>\$5,619,179</b>
<b>Governmental Activity Capital Assets, Net</b>	<b>\$6,218,539</b>			<b>\$6,092,330</b>

Depreciation expense was charged to function/programs of the primary government as follows:

General Government	\$97,758
Public Safety	174,183
Environmental Protection	1,633
Economic and Physical Development	45,980
Human Services	26,403
Cultural and Recreational	34,265
<b>Total Depreciation Expense</b>	<b>\$380,223</b>

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

**5. Capital Assets (continued)**

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<i>Business-type Activity:</i>				
Jones County Water Fund:				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$54,808			\$54,808
Construction in Progress	1,914,204	\$158,575	\$2,035,332	37,447
<i>Total Capital Assets Not Being Depreciated</i>	<b>\$1,969,012</b>	<b>\$158,575</b>	<b>\$2,035,332</b>	<b>\$92,255</b>
<b>Capital Assets Being Depreciated:</b>				
Plant and Distribution Systems	\$10,996,209	\$2,035,332	\$421,133	\$12,610,408
Machinery and Equipment	52,375			52,375
Vehicles and Construction Equipment	332,577	22,534		355,111
<b>Total Assets Being Depreciated</b>	<b>\$11,381,161</b>	<b>\$2,057,866</b>	<b>\$421,133</b>	<b>\$13,017,894</b>
<i>Less Accumulated Depreciation for:</i>				
Plant and Distribution Systems	\$4,515,603	\$241,651	\$290,626	\$4,466,628
Machinery and Equipment	52,375			52,375
Vehicles and Construction Equipment	286,692	17,497		304,189
<b>Total Accumulated Depreciation</b>	<b>\$4,854,670</b>	<b>\$259,148</b>	<b>\$290,626</b>	<b>\$4,823,192</b>
<i>Total Capital Assets Being Depreciated, Net</i>	<b>\$6,526,490</b>			<b>\$8,194,702</b>
<b>Business-type Activity Capital Assets, Net</b>	<b>\$8,495,502</b>			<b>\$8,286,957</b>

Construction Commitments

The government has two active construction projects as of June 30, 2015. The projects include the Well Improvements Enterprise Capital Project and the 14/DOT Water Line Relocation Enterprise Capital Project. At June 30, 2015, the government's commitments with contractors is as follows:

<b>Project</b>	<b>Spent-to-Date</b>	<b>Remaining Commitment</b>
Well Improvements	\$66,606	
14/DOT Water Line Relocation	37,447	\$325,376
	<b>\$104,053</b>	<b>\$325,376</b>

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2015 was as follows:

	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
<b>Capital Assets Not Being Depreciated:</b>				
Land	<b>\$15,073</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,073</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	\$81,739			\$81,739
Furniture/Equipment	81,354		\$1,829	79,525
Vehicles	15,602			15,602
Total Capital Assets Being Depreciated	<b>\$178,695</b>	<b>\$0</b>	<b>\$1,829</b>	<b>\$176,866</b>
<b>Less Accumulated Depreciation For:</b>				
Buildings	\$74,770	\$1,354		\$76,124
Furniture/Equipment	74,304	2,166	\$1,829	74,641
Vehicles	15,602			15,602
Total Capital Accumulated Depreciation	<b>\$164,676</b>	<b>\$3,520</b>	<b>\$1,829</b>	<b>\$166,367</b>
<i>Total Capital Assets Being Depreciated, Net</i>	<b>\$14,019</b>			<b>\$10,499</b>
<b>Business-type Activity Capital Assets, Net</b>	<b>\$29,092</b>			<b>\$25,572</b>

**B. LIABILITIES**

**1. Payables**

Payables at the government-wide level at June 30, 2015, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
<i>Governmental Activities:</i>				
General	\$587,640	\$43,673	\$14,630	\$645,943
Other Governmental	1,759			1,759
<b>Total Governmental Activities</b>	<b>\$589,399</b>	<b>\$43,673</b>	<b>\$14,630</b>	<b>\$647,702</b>
<i>Business-type Activities:</i>				
Water Fund	\$81,329	\$4,448		\$85,777
<b>Total Business-type Activities</b>	<b>\$81,329</b>	<b>\$4,448</b>	<b>\$0</b>	<b>\$85,777</b>

The amount of \$587,640 which comprises the General Fund Vendors payables includes \$256,744 due to the N.C. Department of Corrections for medical services for Safekeeper Services. In accordance with a contract dated July 14, 2011, the County will pay 2,613 payments of \$100 at monthly intervals until the balance is paid in full.



**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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**2. Pension Plan and Other Postemployment Obligations**

a. Local Government Employees' Retirement System

*Plan Description.* The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$260,513 for the year ended June 30, 2015.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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*Refunds of Contributions* – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2015, the County reported an asset of \$400,791 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was 0.068%, which was unchanged from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$24,512. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience		\$43,793
Net difference between projected and actual earnings on pension plan investments		933,034
Changes in proportion and differences between County contributions and proportionate share of contributions		2,458
County contributions subsequent to the measurement date	\$247,059	
<b>Total</b>	<b>\$247,059</b>	<b>\$979,285</b>

\$247,059 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2016	(\$244,850)
2017	(244,850)
2018	(244,850)
2019	(244,735)
2020	
Thereafter	

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*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 1,360,460	\$ (400,791)	\$(1,883,708)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Jones County administers a public employee retirement system (*Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. For reporting purposes, the Separation Allowance is presented as a pension trust fund; however, it does not meet the criteria for trust funds outlined in GASB Statement 68.

The Separation Allowance covers all full-time County law enforcement officers. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	0
Active Plan Members	17
<b>Total</b>	<b>17</b>

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2. Summary of Significant Accounting Policies:

*Basis of Accounting.* The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

3. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. For the current year, the County contributed \$0, or 0% of annual covered payroll. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The remaining amortization period at December 31, 2014 was 16 years.

*Annual Pension Cost and Net Pension Obligation.* The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual Required Contribution	\$11,847
Interest on Net Pension Obligation	2,233
Adjustment to Annual Required Contribution	(3,773)
<b>Annual Pension Cost</b>	<b>\$10,307</b>
Contributions Made	0
<b>Increase (Decrease) in Net Pension Obligation</b>	<b>\$10,307</b>
Net Pension Obligation - Beginning of Year	44,658
<b>Net Pension Obligation - End of Year</b>	<b>\$54,965</b>

**3 YEAR TREND INFORMATION**

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
June 30, 2013	7,195	0%	37,168
June 30, 2014	7,490	0%	44,658
June 30, 2015	10,307	0%	54,965

4. Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$47,430 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$47,430. The covered payroll (annual payroll of active employees covered by the plan) was \$600,121, and the ratio of the UAAL to the covered payroll was 7.90 percent.

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The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. *Supplemental Retirement Income Plan for Law Enforcement Officers*

*Plan Description.* The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2015 were \$77,688, which consisted of \$42,887 from the County and \$34,801 from the law enforcement officers.

d. *Registers of Deeds' Supplemental Pension Fund*

*Plan Description.* Jones County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$856 for the year ended June 30, 2015.

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*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2015, the County reported an asset of \$22,233 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was 0.098%, which was an increase of .01% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of (\$1,239). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$204	
Net difference between projected and actual earnings on pension plan investments		\$120
Changes in proportion and differences between County contributions and proportionate share of contributions		1,484
County contributions subsequent to the measurement date	856	
<b>Total</b>	<b>\$1,060</b>	<b>\$1,604</b>

\$856 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2016	(\$611)
2017	(611)
2018	(146)
2019	(32)
2020	
Thereafter	

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

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The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (19,962)	\$ (22,233)	\$ (24,181)

e. *Supplemental Retirement Income Plan for Employees not Engaged in Law Enforcement*

The County has a defined contribution pension plan (457(b) plan) in place for employees not engaged in law enforcement. The plan is strictly voluntary with no matching contributions made by the County. Contributions from employees for the year ended June 30, 2015 were \$7,084.



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f. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pensions - difference between expected and actual experience		
LGERS		\$43,793
Register of Deeds	\$204	
Pensions - difference between projected and actual investment earnings		933,154
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		3,942
Contributions to pension plan in 2014-2015 fiscal year	247,915	
Prepaid Property Taxes Not Yet Earned (General)		42,459
Taxes Receivable, Net (General), less penalties		412,868
EMS Receivables, Net		55,520
Other Receivables Not Available at Year End		111,932
<b>Total</b>	<b>\$248,119</b>	<b>\$1,603,668</b>

4. Risk Management

The County is exposed to various risks of losses related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and health and dental insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers'

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compensation. For health and dental insurance, the County is reinsured through the Pool for individual losses in excess of \$50,000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through commercial carrier for individual losses in excess of \$100,000.

The County carries flood insurance through the North Carolina Association of County Commissioners (NCACC). Because the County is in an area of the State that has been mapped and designated an "X" area (all other mapped areas) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP, but can also purchase private coverage. The County's insurance policy provides limited flood coverage in areas outside of the 100-year flood zones and is subject to a per occurrence deductible of \$25,000. Property located in the 100-year flood zone, as designated by FEMA, is excluded from coverage. The County has two properties located inside this area. The County has decided not to pursue further insurance coverage for these two properties.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The County Manager, Finance Officer, Assistant Finance Officer, and Director of Social Services are individually bonded for \$50,000 each. The Tax Collector is bonded for \$20,000. The Sheriff and Register of Deeds are individually bonded for \$10,000 each.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Jones County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

**5. Contingent Liabilities**

At June 30, 2015, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

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**6. Long-Term Obligations**

**a. Notes Payable/Installment Obligations**

1. On April 13, 2004, the County entered into an agreement to borrow \$2,200,000 from Branch Banking and Trust (BB&T) for the purpose of constructing a county office complex in the Industrial Park located within the county. The County was awarded a \$1,500,000 loan and a \$700,000 grant from the US Department of Agriculture and Rural Development. This funding was used to pay the obligation to BB&T. The USDA obligation calls for forty annual payments of \$78,630 beginning on April 11, 2006 and ending on April 11, 2045. The obligation carries an interest rate of 4.25% and the June 30, 2015 balance was \$1,318,756.

During the Year Ending June 30,	Principal	Interest	Total
2016	\$22,561	\$56,069	\$78,630
2017	23,520	55,110	78,630
2018	24,520	54,110	78,630
2019	25,562	53,068	78,630
2020	26,648	51,982	78,630
2021-2025	151,224	241,927	393,151
2026-2030	186,208	206,942	393,150
2031-2035	229,287	163,863	393,150
2036-2040	282,331	110,819	393,150
2041-2045	346,895	46,254	393,149
	<b>\$1,318,756</b>	<b>\$1,040,144</b>	<b>\$2,358,900</b>

2. On April 18, 2007, the County entered into a financing agreement with Jones – Onslow Electric Membership Corporation for the purpose of constructing a building in the Industrial Park in Jones County. The County borrowed \$640,000 and the agreement calls for 120 monthly payments beginning August 1, 2009 and carries no stated interest rate. The June 30, 2015 balance was \$48,750.

During the Year Ending June 30,	Principal	Interest	Total
2016	\$32,500		\$32,500
2017	16,250		16,250
	<b>\$48,750</b>	<b>\$0</b>	<b>\$48,750</b>

3. On April 19, 2010, the County entered into a financing agreement with The Trustees of Lenoir Community College for the purpose of constructing a building for the Emergency Medical Services. The County paid \$26,750 for closing. The LCC obligation calls for four consecutive annual payments of \$50,000 beginning on July 1, 2010, and one final payment in the amount of \$25,000 due on July 1, 2014. The loan was paid in full on October 17, 2014.

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4. On February 27, 2014 the County entered into a financing agreement with the North Carolina's Eastern Region for the purpose of funding the Jones County Revolving Loan Fund for Economic Development, including projects for acquisition of land, buildings, facilities, program, information and data systems, or infrastructure required to promote business or industry in Jones County. The County borrowed \$576,923 and the agreement calls for four consecutive annual payments of \$115,385 beginning on February 27, 2015 and one final payment of all remaining amounts due on or before January 27, 2019. The agreement carries no stated interest rate. The June 30, 2015 balance was \$461,538.

During the Year Ending June 30,	Principal	Interest	Total
2016	\$115,385		\$115,385
2017	115,385		115,385
2018	115,385		115,385
2019	115,383		115,383
	<b>\$461,538</b>	<b>\$0</b>	<b>\$461,538</b>

5. On June 20, 2006, the County entered into a financing agreement with the US Department of Agriculture (USDA) for the purpose of constructing a water tank in the Rock Creek area. The County borrowed \$500,000 and the agreement calls for 40 annual payments of \$26,950. The agreement carries a 4.375% interest rate. The June 30, 2015 balance was \$466,019.

During the Year Ending June 30,	Principal	Interest	Total
2016	\$6,832	\$20,118	\$26,950
2017	7,130	19,820	26,950
2018	7,442	19,508	26,950
2019	7,768	19,182	26,950
2020	8,108	18,842	26,950
2021-2025	46,181	88,569	134,750
2026-2030	57,206	77,544	134,750
2031-2035	70,864	63,886	134,750
2036-2040	87,783	46,967	134,750
2041-2045	108,741	26,009	134,750
2046-2050	57,964	22,886	80,850
	<b>\$466,019</b>	<b>\$423,331</b>	<b>\$889,350</b>

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6. On May 28, 2013, the County entered into a financing agreement with the State of North Carolina by the Department of Environment and Natural Resources – Division of Water Resources for an Automatic Meter Reading Capital Project. The County will borrow a total of \$2,015,000. The agreement calls for fourteen annual payments of \$143,929. The agreement carries a 0% interest rate. The June 30, 2015 balance was \$1,822,324.

<b>During the Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$143,929		\$143,929
2017	143,929		143,929
2018	143,929		143,929
2019	143,929		143,929
2020	143,929		143,929
2021-2025	719,643		719,643
2026-2030	383,036		383,036
	<b>\$1,822,324</b>	<b>\$0</b>	<b>\$1,822,324</b>

b. General Obligation Indebtedness

1. Qualified Zone Academy bonds (QZAB) issued on August 22, 2002 under Internal Revenue Code Section 1397E; due serially to 2019 with no interest; collateralized by real estate, including a school building. During the fiscal year ending June 30, 2015, accrued investment earnings were used to offset the balance of the bonds. The June 30, 2015 balance was \$48,233.

<b>During the Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$48,233		\$48,233
	<b>\$48,233</b>	<b>\$0</b>	<b>\$48,233</b>

2. Qualified School Construction bonds (QSCB) issued on October 14, 2010 under Internal Revenue Code Section 54F; due serially to 2025 with no interest; collateralized by real estate, including a school gymnasium. The June 30, 2015 balance was \$1,613,333.

<b>During the Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$146,667		\$146,667
2017	146,667		146,667
2018	146,667		146,667
2019	146,667		146,667
2020	146,667		146,667
2021-2025	733,335		733,335
2026-2030	146,663		146,663
	<b>\$1,613,333</b>	<b>\$0</b>	<b>\$1,613,333</b>

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

3. Qualified School Construction bonds (QSCB) issued on October 14, 2010 under Internal Revenue Code Section 54F; due serially to 2025 with interest at 1.35%; collateralized by real estate, including a school gymnasium. The June 30, 2015 balance was \$220,000.

<b>During the Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$20,000	\$2,970	\$22,970
2017	20,000	2,700	22,700
2018	20,000	2,430	22,430
2019	20,000	2,160	22,160
2020	20,000	1,890	21,890
2021-2025	100,000	5,400	105,400
2026-2030	20,000	270	20,270
	<b>\$220,000</b>	<b>\$17,820</b>	<b>\$237,820</b>

**Debt Related to Capital Activities** – Of the total Governmental Activities debt listed only \$1,367,506 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$0.

c. Long-term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2015:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>	<b>Current Portion of Balance</b>
<b>Governmental Activities:</b>					
USDA Loan	\$1,340,417		\$21,661	\$1,318,756	\$22,561
Jones-Onslow EMC Loan	129,822		81,072	48,750	32,500
Lenoir Community College	25,000		25,000		
NC Eastern Region	576,923		115,385	461,538	115,385
Qualified Zone Academy Bonds	280,122		231,889	48,233	48,233
Qualified School Construction Bonds	2,000,000		166,667	1,833,333	166,667
Net Pension Obligation	44,658	\$10,307		54,965	
Compensated Absences	287,593	161,160	169,123	279,630	
Net Pension Liability (LGERS)	752,444		752,444		
<b>Total Governmental Activities</b>	<b>\$5,436,979</b>	<b>\$171,467</b>	<b>\$1,563,241</b>	<b>\$4,045,205</b>	<b>\$385,346</b>
<b>Business-type Activity:</b>					
USDA Loan	\$472,306		\$6,287	\$466,019	\$6,832
NC Drinking Water State Revolving Loan	1,883,014	\$83,239	143,929	1,822,324	143,929
Compensated Absences	43,914	17,995	14,309	47,600	
Net Pension Liability (LGERS)	62,396		62,396		
<b>Total</b>	<b>\$2,461,630</b>	<b>\$101,234</b>	<b>\$226,921</b>	<b>\$2,335,943</b>	<b>\$150,761</b>

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

Compensated absences for governmental activities typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

**C. INTERFUND BALANCES AND ACTIVITY**

The composition of interfund balances at June 30, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund		
	<i>Special Revenue Fund:</i>	
	Hazard Mitigation Fund	<b>\$4,592</b>

Transfers to/from other funds for the year ended June 30, 2015 were made to supplement other funding sources and consist of the following:

		<u>TRANSFERS</u>	
		<u>FROM</u>	<u>TO</u>
<b>Operating Transfers From / To Other Funds</b>			
<b>General Fund:</b>			
Special Revenue Fund			\$25,100
Enterprise Fund		\$100,000	
<b>Special Revenue Fund:</b>			
General Fund		25,100	
<b>Enterprise Fund:</b>			
General Fund			100,000
<b>Total Operating Transfers</b>		<b>\$125,100</b>	<b>\$125,100</b>

**IV. FUND BALANCE**

Jones County has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The finance officer has the authority to deviate from this policy if it is in the best interest of the County.

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

<b>Total Fund Balance - General Fund</b>	<b>\$7,544,464</b>
Less:	
Inventories	1,374
Stabilization by State Statute	1,781,102
Register of Deeds	47,299
Health Department	87,056
Facility Fees	7,768
White Goods	29,210
Schools	533,014
Economic Development	682,450
Long-Term Screening	177,925
Soil Conservation	10,110
USDA Loan Payments	78,741
Working Capital/Fund Balance Policy	4,108,415
<b>Remaining Fund Balance</b>	<b>\$0</b>

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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Jones County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is maintained between 18% and 24% of budgeted expenditures.

**V. JOINT VENTURES**

The County participates in a joint venture to operate Neuse Regional Library with three other local governments. Jones County appoints three board members to the twelve member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$86,142 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 510 N. Queen Street, Kinston, NC, 28501.

The County in conjunction with the State of North Carolina and three other local governments participates in a joint venture to operate the Lenoir County Community College. The County appoints two members of the sixteen member Board of Trustees of the Community College. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Jones County division of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$104,858 and \$0 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2015. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2015. Complete financial statements for the community college may be obtained from the community college's administrative offices at PO Box 188, Hwy 70 and 58, NC 28502.

The County, in conjunction with three other local governments, participates in a joint venture to operate the Neuse Center for Mental Health. Jones County appoints one member of the seventeen member board. The County has an ongoing financial responsibility for the Center because of the statutory responsibilities to provide funding for the Center's services. The County contributed \$23,669 for the operation of the Center during the fiscal year ended June 30, 2015. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2015. Complete financial statements for the Center can be obtained from the Neuse Center for Mental Health administrative offices at 405 Middle Street, City of New Bern, NC 28563.

**VI. JOINTLY GOVERNED ORGANIZATIONS**

Eastern Carolina Housing Authority

The County, in conjunction with ten (10) other counties, has established the Eastern Carolina Housing Authority (*Authority*). The participating governments established the council to provide housing for low income individuals and families. Each participating government appoints one member to the Authority's governing board.

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

**VII. BENEFIT PAYMENTS ISSUED BY THE STATE**

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the general purpose financial statements because they are not revenues and expenditures of the County.

	<b>Federal</b>	<b>State</b>
Medicaid	\$9,603,060	\$5,349,644
Temporary Assistance For Needy Families	37,190	
WIC	127,059	
Supplemental Assistance		57,383
Energy Assistance	68,100	
Foster Care	10,420	
Adoption Assistance	16,428	18,356
NC Health Choice	153,464	48,249
<b>Total</b>	<b>\$10,015,721</b>	<b>\$5,473,632</b>

**VIII. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

**FEDERAL AND STATE ASSISTED PROGRAMS**

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

**JONES COUNTY BOARD OF EDUCATION**

During 2014, the County was in a funding dispute with the Jones County Board of Education ("BOE"). On October 28, 2014, the County and the BOE reached a settlement agreement by agreeing to a five-year budget plan beginning with the 2015 - 2016 budget year. The agreement states that the County will remit forestry receipts to the BOE in addition to the local current expense funding. Previously, the forestry receipts had been used to offset the current expense allocation. In addition to the forestry receipts, The County will provide funding to the BOE over the next four years as follows:

<b>Current Expense</b>		<b>Capital Outlay</b>	
<b>Budget Year</b>	<b>Amount</b>	<b>Budget Year</b>	<b>Amount</b>
2016 - 2017	1,775,719	2016 - 2017	60,000
2017 - 2018	1,820,112	2017 - 2018	65,000
2018 - 2019	1,874,715	2018 - 2019	70,000
2019 - 2020	1,940,330	2019 - 2020	75,000
	<b>\$7,410,876</b>		<b>\$270,000</b>

Management believes that this agreement will not have a major impact on the County's budget over the next four years.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

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**INDUSTRIAL DEVELOPMENT UTILITY ACCOUNT GRANT**

The County has received \$355,679 in grant funds from the Industrial Development Fund Utility Account ("IDF") as part of the Technical Control Consultants Project accounted for in the Community Development Block Grant Fund. The IDF grant agreement stipulates that the County must create positions for 7 full-time employees requiring at least 1,600 hours of work in a year within three years from the date of the first disbursement of the IDF grant and must maintain these employment levels until the Department of Commerce notifies the County that the grant is closed. The County received their first IDF grant funds in June 2013, therefore in accordance with the grant agreement, the job creation requirement must be met by June 2016. However, the North Carolina Department of Commerce has granted one final extension to February 27, 2017 to give the County additional time to create and maintain the required positions. As of the report date, the County has not created these jobs. Should the County fail to comply with the grant agreement by the deadline, they would be required to remit the grant funds back to the Department of Commerce.

**ECONOMIC DEVELOPMENT NOTE RECEIVABLE**

On January 23, 2014, The County made an economic development loan in the amount of \$300,000 to Beer Army, LLC. The terms of the loan call for interest at 3% for 5 years and six equal monthly payments of interest only in the amount of \$750 with the first payment due March 1, 2014. Thereafter, Beer Army, LLC will make fifty-two equal payments of principal and interest in the amount of \$6,051 with one final payment of outstanding principal and interest due on February 1, 2019. As of the report date, Beer Army, LLC has made no principal payments on the loan. On September 17, 2015, the County filed a complaint against Beer Army, LLC. The parties have engaged in some preliminary settlement negotiations but the matter has not been resolved.

**IX. CAPITAL ASSETS – TOWN OF POLLOCKSVILLE**

From time to time, the County acts as an agent for certain grant monies and expenditures for various towns in the county. The County never takes title to these assets. They are transferred to the respective town upon completion of the project. The County currently is acting as an agent for grant monies and expenditures related to water improvements for Technical Control Consultants on behalf of the Town of Pollocksville. At June 30, 2015, this project was not complete. Upon completion, the assets will transfer directly to Town of Pollocksville.

**X. SPECIAL ITEM – GAIN FROM REDUCTION OF QUALIFIED ZONE ACADEMY BONDS (QZAB) DEBT PAYABLE**

During the fiscal year ending June 30, 2015, accrued interest earned on Qualified Zone Academy Bonds in the amount of \$181,477 was used to pay down the debt leaving a balance of \$48,233 remaining at June 30, 2015. This is reflected in the government-wide statements as a special item because it is unusual in nature but under the control of management.

**XI. SPECIAL ITEM – LOSS ON DISPOSAL OF FIXED ASSETS**

During the fiscal year ending June 30, 2015, the County implemented a new automatic meter reading system. As a result, the previous water meters that were in service became obsolete and were written off resulting in a loss of \$130,507. This is reflected in the government-wide statements as a special item because it is unusual in nature but under the control of management.

**XII. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT**

The County implemented Governmental Accounting Standards Board (GASB) statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$491,967 and \$42,421, respectively.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

**This section contains additional information required by generally accepted accounting principles.**

- **Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.**
- **Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.**
- **Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.**
- **Proportionate Share of the Net Pension Liability (Asset) – Local Governmental Employees' Retirement System**
- **Schedule of County Contributions – Local Governmental Employees' Retirement System**
- **Proportionate Share of the Net Pension Liability (Asset) – Register of Deeds' Supplemental Pension Fund**
- **Schedule of County Contributions – Register of Deeds' Supplemental Pension Fund**

**JONES COUNTY, NORTH CAROLINA**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**SCHEDULE OF FUNDING PROGRESS**  
June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Fund Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a) /c)
12/31/97	\$0	\$31,737	\$31,737	0.00%	\$180,636	17.57%
12/31/98	0	23,650	23,650	0.00%	182,652	12.95%
12/31/99	0	23,898	23,898	0.00%	205,011	11.66%
12/31/00	0	20,704	20,704	0.00%	222,168	9.32%
12/31/01	0	20,801	20,801	0.00%	252,460	8.24%
12/31/02	0	42,508	42,508	0.00%	267,671	15.88%
12/31/03	0	32,716	32,716	0.00%	220,844	14.81%
12/31/04	0	28,538	28,538	0.00%	205,482	13.89%
12/31/05	0	19,162	19,162	0.00%	251,565	7.62%
12/31/06	0	20,139	20,139	0.00%	286,899	7.02%
12/31/07	0	4,154	4,154	0.00%	298,905	1.39%
12/31/08	0	11,088	11,088	0.00%	431,765	2.57%
12/31/09	0	18,428	18,428	0.00%	462,210	3.99%
12/31/10	0	26,908	26,908	0.00%	600,217	4.48%
12/31/11	0	19,264	19,264	0.00%	477,085	4.04%
12/31/12	0	26,706	26,706	0.00%	517,493	5.16%
12/31/13	0	39,582	39,582	0.00%	610,313	6.49%
12/31/14	0	47,430	47,430	0.00%	600,121	7.90%

**JONES COUNTY, NORTH CAROLINA**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
June 30, 2015

<b>Year Ending June 30</b>	<b>Annual Required Contributions</b>	<b>Percentage Contributed</b>
1998	\$4,824	177%
1999	4,275	200%
2000	3,557	293%
2001	4,166	148%
2002	3,389	69%
2003	4,003	0%
2004	6,076	0%
2005	5,375	0%
2006	4,855	0%
2007	3,464	0%
2008	3,879	0%
2009	2,081	0%
2010	4,149	0%
2011	6,583	0%
2012	9,253	0%
2013	7,195	0%
2014	7,490	0%
2015	10,307	0%

*Notes to the Required Schedules:*

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation Date	12/31/14
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Closed
Remaining Amortization Period	16 Years
Asset Valuation Method	Market Value
<i>Actuarial Assumptions:</i>	
Investment Rate of Return	5.00%
Projected Salary Increases	4.25% to 7.85%
Includes Inflation At	3.00%
Cost-of-Living Adjustments	N/A

**JONES COUNTY, NORTH CAROLINA**  
**PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**  
**Last Two Fiscal Years\***

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	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.068%	0.068%
County's proportionate share of the net pension liability (asset) \$	(\$400,791)	\$814,840
County's covered-employee payroll	\$3,671,842	\$3,655,851
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	( 10.92%)	22.29%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

\*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF COUNTY CONTRIBUTIONS**  
**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**  
**Last Two Fiscal Years**

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	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$247,059	\$260,858
Contributions in relation to the contractually required contribution	247,059	260,858
Contribution deficiency (excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>
County's covered-employee payroll	\$3,466,578	\$3,671,842
Contributions as a percentage of covered-employee payroll	7.13%	7.10%

**JONES COUNTY, NORTH CAROLINA**  
**PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND**  
**Last Two Fiscal Years\***

	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) %	-0.098%	-0.088%
County's proportionate share of the net pension liability (asset) \$	(\$22,233)	(\$18,793)
County's covered-employee payroll	\$42,252	\$42,252
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(52.62%)	(44.48%)
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.



**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF COUNTY CONTRIBUTIONS**  
**REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND**  
 Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$856	\$801
Contributions in relation to the contractually required contribution	856	801
Contribution deficiency (excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>
County's covered-employee payroll	\$42,252	\$42,252
Contributions as a percentage of covered-employee payroll	2.03%	1.90%

**SUPPLEMENTARY INFORMATION**  
**Combining and Individual Fund Financial Statements and Schedules**

## JONES COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2015

	Budget	2015 Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes	\$5,961,326	\$6,290,495	\$329,169
Penalties and Interest	70,900	64,293	(6,607)
<i>Total Ad Valorem Taxes</i>	<b>\$6,032,226</b>	<b>\$6,354,788</b>	<b>\$322,562</b>
<b>Local Option Sales Taxes:</b>			
Articles 39, 40, 42 and 44	<b>\$1,045,000</b>	<b>\$1,063,746</b>	<b>\$18,746</b>
<b>Other Taxes and Licenses:</b>			
Medicaid Hold Harmless Tax	\$217,000	\$397,270	\$180,270
Real Estate Transfer Tax	45,823	48,705	\$2,882
Scrap Tire Disposal Tax	10,000	13,008	3,008
Solid Waste Disposal Tax	6,000	6,923	923
<i>Total Other Taxes and Licenses</i>	<b>\$278,823</b>	<b>\$465,906</b>	<b>\$187,083</b>
<b>Unrestricted Intergovernmental Revenue:</b>			
Payments in Lieu of Taxes	\$91,479	\$91,479	
Beer & Wine Tax	30,000	42,266	\$12,266
<i>Total Unrestricted Intergovernmental Revenue</i>	<b>\$121,479</b>	<b>\$133,745</b>	<b>\$12,266</b>
<b>Restricted Intergovernmental Revenue:</b>			
State and Federal Grants	\$2,855,802	\$2,697,638	(\$158,164)
Health Medicaid Cost Study		67,810	67,810
Court Facilities Fees	28,000	30,728	2,728
ABC - 5 cent Bottle Tax	3,000	3,069	69
ABC - 1 cent Bottle Tax	600	295	(305)
Juvenile Justice and Delinquency	86,595	86,595	
Veterans Commission	1,452		(1,452)
Child Abuse	150	215	65
Domestic Violence	750	1,290	540
National Forest Receipts/Schools	32,000	43,171	11,171
Lottery Funds	150,000	150,000	
DWI/Safe Roads Act	1,000	885	(115)
Emergency Management	32,821	38,207	5,386
Soil Conservation	35,639	39,127	3,488
GTP Flex Grant		20,000	20,000
<i>Total Restricted Intergovernmental Revenue</i>	<b>\$3,227,809</b>	<b>\$3,179,030</b>	<b>(\$48,779)</b>

## JONES COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2015

	Budget	2015 Actual	Variance Favorable (Unfavorable)
<b>Permits and Fees:</b>			
Beer & Wine		\$350	\$350
Concealed/Handgun Permits	\$16,850	15,445	(1,405)
Building and Other Permits and Fees	212,264	143,442	(68,822)
Register of Deeds	45,000	48,290	3,290
Marriage Licenses	1,000	1,075	75
Franchise - Cable TV	5,500	5,887	387
<i>Total Permits &amp; Fees</i>	<b>\$280,614</b>	<b>\$214,489</b>	<b>(\$66,125)</b>
<b>Sales and Services:</b>			
Jail and Officer Fees	\$30,500	\$30,807	\$307
EMS Fees	280,000	400,783	120,783
Town Tax Billings & Collection	17,250	11,569	(5,681)
Vending Machines	300	198	(102)
Solid Waste/Recycling	17,000	18,611	1,611
Curbside Service	404,200	330,362	(73,838)
<i>Total Sales &amp; Services</i>	<b>\$749,250</b>	<b>\$792,330</b>	<b>\$43,080</b>
<i>Total Investment Earnings</i>	<b>\$44,000</b>	<b>\$25,666</b>	<b>(\$18,334)</b>
<b>Other Revenues:</b>			
Rent - Economic Development	\$90,140	\$45,990	(\$44,150)
Civic Center Rent	22,000	32,238	10,238
FSA Rent	4,480	4,107	(373)
Sale of Fixed Assets		15,370	15,370
Other	105,952	46,349	(59,603)
<i>Total Other Revenues</i>	<b>\$222,572</b>	<b>\$144,054</b>	<b>(\$78,518)</b>
<b>TOTAL REVENUES</b>	<b>\$12,001,773</b>	<b>\$12,373,754</b>	<b>\$371,981</b>

## JONES COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2015

	Budget	2015 Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES:</b>			
<i>General Government:</i>			
<b>Governing Body:</b>			
Salaries & Employee Benefits	\$61,362	\$60,930	\$432
Operating Expenses	41,400	34,601	6,799
Insurance Other Than Property	315,056	277,914	37,142
<i>Total</i>	<b>\$417,818</b>	<b>\$373,445</b>	<b>\$44,373</b>
<b>Elections:</b>			
Salaries & Employee Benefits	\$76,707	\$68,084	\$8,623
Operating Expenses	41,350	32,044	9,306
<i>Total</i>	<b>\$118,057</b>	<b>\$100,128</b>	<b>\$17,929</b>
<b>Finance:</b>			
Salaries & Employee Benefits	\$192,131	\$188,367	\$3,764
Operating Expenses	94,694	96,334	(1,640)
<i>Total</i>	<b>\$286,825</b>	<b>\$284,701</b>	<b>\$2,124</b>
<b>Taxes:</b>			
Salaries & Employee Benefits	\$201,457	\$177,916	\$23,541
Operating Expenses	277,875	261,046	16,829
<i>Total</i>	<b>\$479,332</b>	<b>\$438,961</b>	<b>\$40,371</b>
<b>Legal:</b>			
Contracted Services	<b>\$135,500</b>	<b>\$107,639</b>	<b>\$27,861</b>
<b>Jury Commission:</b>			
Salaries & Employee Benefits	\$520		\$520
Operating Expenses	1,750	\$1,116	634
<i>Total</i>	<b>\$2,270</b>	<b>\$1,116</b>	<b>\$1,154</b>
<b>Register of Deeds:</b>			
Salaries & Employee Benefits	\$91,321	\$90,873	\$448
Operating Expenses	80,875	46,131	34,744
<i>Total</i>	<b>\$172,196</b>	<b>\$137,004</b>	<b>\$35,192</b>
<b>Public Buildings:</b>			
Salaries & Employee Benefits	\$74,066	\$68,963	\$5,103
Operating Expenses	218,390	219,552	(1,162)
Building Improvement	100,000	92,484	7,516
<i>Total</i>	<b>\$392,456</b>	<b>\$380,999</b>	<b>\$11,457</b>

## JONES COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2015

	Budget	2015 Actual	Variance Favorable (Unfavorable)
<b>Court Facilities:</b>			
Salaries & Employee Benefits	\$23,106	\$22,974	\$132
Operating Expenses	74,000	68,533	5,467
<i>Total</i>	<b>\$97,106</b>	<b>\$91,507</b>	<b>\$5,599</b>
<b>Administration:</b>			
Salaries & Employee Benefits	\$159,046	\$161,872	(\$2,826)
Operating Expenses	41,325	31,654	9,671
<i>Total</i>	<b>\$200,371</b>	<b>\$193,526</b>	<b>\$6,845</b>
<b>Computer:</b>			
Operating Expenses	<b>\$209,700</b>	<b>\$185,268</b>	<b>\$24,432</b>
<i>TOTAL GENERAL GOVERNMENT</i>	<b>\$2,511,631</b>	<b>\$2,294,295</b>	<b>\$217,336</b>
<i>Public Safety:</i>			
<b>Sheriff's Department:</b>			
Salaries & Employee Benefits	\$828,563	\$801,995	\$26,568
Operating Expenses	301,000	276,545	24,455
Capital	76,000	97,934	(21,934)
<i>Total</i>	<b>\$1,205,563</b>	<b>\$1,176,474</b>	<b>\$29,089</b>
<b>County Jail:</b>			
Salaries & Employee Benefits	\$454,457	\$452,338	\$2,119
Operating Expenses	743,933	720,964	22,969
<i>Total</i>	<b>\$1,198,390</b>	<b>\$1,173,302</b>	<b>\$25,088</b>
<b>Inspections:</b>			
Salaries & Employee Benefits	\$64,945	\$48,509	\$16,436
Operating Expenses	41,700	17,583	24,117
<i>Total</i>	<b>\$106,645</b>	<b>\$66,092</b>	<b>\$40,553</b>
<b>Emergency Management:</b>			
Salaries & Employee Benefits	\$49,124	\$48,844	\$280
Operating Expenses	9,610	4,898	4,712
<i>Total</i>	<b>\$58,734</b>	<b>\$53,742</b>	<b>\$4,992</b>
<b>Emergency Services:</b>			
Salaries & Employee Benefits	\$406,061	\$393,431	\$12,630
Operating Expenses	357,208	310,188	47,020
Aid to Local Fire Department	56,295	56,295	
Aid to Local Rescue Squads	43,410	43,410	
Capital	145,000	146,896	(1,896)
<i>Total</i>	<b>\$1,007,974</b>	<b>\$950,220</b>	<b>\$57,754</b>

## JONES COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2015

	Budget	2015 Actual	Variance Favorable (Unfavorable)
<b>Communication System:</b>			
Salaries & Employee Benefits	\$8,074		\$8,074
Operating Expenses	244,305	\$238,078	6,227
<i>Total</i>	<b>\$252,379</b>	<b>\$238,078</b>	<b>\$14,301</b>
<b>Medical Examiner:</b>			
Professional Services	<b>\$8,850</b>	<b>\$7,350</b>	<b>\$1,500</b>
<b>Rabies Control:</b>			
Salaries & Employee Benefits	\$4,306		\$4,306
Operating Expenses	1,000		1,000
<i>Total</i>	<b>\$5,306</b>	<b>\$0</b>	<b>\$5,306</b>
<b>TOTAL PUBLIC SAFETY</b>	<b>\$3,843,841</b>	<b>\$3,665,258</b>	<b>\$178,583</b>
<i>Environmental Protection:</i>			
<b>Sanitation:</b>			
Salaries & Employee Benefits	\$37,939	\$32,791	\$5,149
Operating Expenses	335,770	279,683	56,087
Contracted Services	54,900	51,359	3,541
<i>Total</i>	<b>\$428,609</b>	<b>\$363,833</b>	<b>\$64,776</b>
<b>State Forest Protection</b>	<b>\$69,310</b>	<b>\$47,553</b>	<b>\$21,757</b>
<b>Soil Conservation:</b>			
Salaries & Employee Benefits	\$94,393	\$87,595	\$6,798
Operating Expenses	6,581	2,910	3,671
<i>Total</i>	<b>\$100,974</b>	<b>\$90,504</b>	<b>\$10,470</b>
<b>TOTAL ENVIRONMENTAL PROTECTION</b>	<b>\$598,893</b>	<b>\$501,891</b>	<b>\$97,002</b>
<i>Economic &amp; Physical Development:</i>			
<b>Agricultural Extension:</b>			
Salaries & Employee Benefits	\$122,595	\$117,247	\$5,348
Operating Expenses	40,979	37,605	3,374
<i>Total</i>	<b>\$163,574</b>	<b>\$154,852</b>	<b>\$8,722</b>

## JONES COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2015

	Budget	2015 Actual	Variance Favorable (Unfavorable)
<b>Economic Development:</b>			
Salaries & Employee Benefits	\$26,472	\$248	\$26,224
Operating Expenses	19,566	40,063	(20,497)
<i>Total</i>	<b>\$46,038</b>	<b>\$40,311</b>	<b>\$5,727</b>
<b>Commissions, Committees &amp; Councils Planning:</b>			
Operating Expenses	<b>\$10,200</b>	<b>\$5,000</b>	<b>\$5,200</b>
<i>TOTAL ECONOMIC &amp; PHYSICAL DEVELOPMENT</i>	<b>\$219,812</b>	<b>\$200,163</b>	<b>\$19,649</b>
<i>HUMAN SERVICES:</i>			
<b>Health:</b>			
<b>Administration:</b>			
Salaries & Employee Benefits	\$380,985	\$330,120	\$50,865
Operating Expenses	123,598	105,051	18,548
<i>Total</i>	<b>\$504,583</b>	<b>\$435,170</b>	<b>\$69,413</b>
<b>Tuberculosis:</b>			
Salaries and Employee Benefits	\$2,425		\$2,425
Operating Expenses	930	\$193	737
<i>Total</i>	<b>\$3,355</b>	<b>\$193</b>	<b>\$3,162</b>
<b>Bioterrorism:</b>			
Salaries & Employee Benefits	\$20,164	\$19,129	\$1,036
Operating Expenses	10,829	10,945	(116)
<i>Total</i>	<b>\$30,993</b>	<b>\$30,073</b>	<b>\$920</b>
<b>AIDS</b>	<b>\$2,228</b>	<b>\$1,065</b>	<b>\$1,163</b>
<b>Communicable Disease:</b>			
Salaries & Employee Benefits	\$8,615	\$7,105	\$1,510
Operating Expenses	1,163	710	453
<i>Total</i>	<b>\$9,778</b>	<b>\$7,815</b>	<b>\$1,963</b>



## JONES COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2015

	Budget	2015 Actual	Variance Favorable (Unfavorable)
<b>Family Planning:</b>			
Salaries & Employee Benefits	\$47,324	\$36,597	\$10,726
Operating Expenses	12,751	10,236	2,516
<i>Total</i>	<b>\$60,075</b>	<b>\$46,833</b>	<b>\$13,242</b>
<b>Maternity Care:</b>			
Salaries & Employee Benefits	<b>\$17,772</b>	<b>\$0</b>	<b>\$17,772</b>
<b>Community Transformation:</b>			
Operating Expenses	<b>\$14,750</b>	<b>\$13,187</b>	<b>\$1,563</b>
<b>Environmental Health:</b>			
Salaries & Employee Benefits	\$698	\$698	
Operating Expenses	6,457	6,338	\$120
<i>Total</i>	<b>\$7,155</b>	<b>\$7,035</b>	<b>\$120</b>
<b>Food/Lodging:</b>			
Operating Expenses	<b>\$14,450</b>	<b>\$14,530</b>	<b>(\$80)</b>
<b>Cancer Prevention:</b>			
Operating Expenses	<b>\$6,117</b>	<b>\$2,525</b>	<b>\$3,592</b>
<b>Immunization Action Plan:</b>			
Salaries & Employee Benefits	\$1,857		\$1,857
Operating Expenses	5,176	\$5,155	21
<i>Total</i>	<b>\$7,033</b>	<b>\$5,155</b>	<b>\$1,878</b>
<b>Maternal &amp; Child Health:</b>			
Operating Expenses	\$26,143	\$8,555	\$17,588
<i>Total</i>	<b>\$26,143</b>	<b>\$8,555</b>	<b>\$17,588</b>
<b>Women, Infants &amp; Children</b>			
<b>Supplement Food:</b>			
Salaries & Employee Benefits	\$37,607	\$35,490	\$2,117
Operating Expenses	16,170	13,321	2,849
<i>Total</i>	<b>\$53,777</b>	<b>\$48,811</b>	<b>\$4,966</b>
<b>School Health Education:</b>			
Operating Expenses	\$65,000	\$75,412	(\$10,412)
<i>Total</i>	<b>\$65,000</b>	<b>\$75,412</b>	<b>(\$10,412)</b>

## JONES COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2015

	Budget	2015 Actual	Variance Favorable (Unfavorable)
<b>Health Promotions:</b>			
Salaries & Employee Benefits	\$16,285	\$1,856	\$14,430
Operating Expenses	10,547	8,423	2,124
<i>Total</i>	<b>\$26,832</b>	<b>\$10,278</b>	<b>\$16,554</b>
<b>Child Services - Coordinator:</b>			
Salaries & Employee Benefits	\$15,369		\$15,369
Operating Expenses	9,840	\$8,971	869
<i>Total</i>	<b>\$25,209</b>	<b>\$8,971</b>	<b>\$16,238</b>
<b>Family Based Counseling:</b>			
Operating Expenses	<b>\$86,595</b>	<b>\$80,353</b>	<b>\$6,242</b>
<b>Wellness:</b>			
Salaries & Employee Benefits	\$17,300	\$17,144	\$156
Operating Expenses	6,500	4,933	1,567
<i>Total</i>	<b>\$23,800</b>	<b>\$22,077</b>	<b>\$1,723</b>
<b>Mosquito Control:</b>			
Operating Expenses	<b>\$3,300</b>	<b>\$1,667</b>	<b>\$1,633</b>
<b>Teen Pregnancy Prevention:</b>			
Salaries & Employee Benefits	\$47,135	\$46,896	\$239
Operating Expenses	27,865	23,879	3,986
<i>Total</i>	<b>\$75,000</b>	<b>\$70,775</b>	<b>\$4,225</b>

## JONES COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2015

	Budget	2015 Actual	Variance Favorable (Unfavorable)
<b>Maternity Care:</b>			
Operating Expenses	\$9,523	\$2,466	\$7,057
<i>Total Health</i>	<b>\$1,073,468</b>	<b>\$892,946</b>	<b>\$180,522</b>
<b>Mental Health:</b>			
<b>Administration:</b>			
Regional Allocation	\$20,306	\$20,306	
Bottle Tax	3,600	3,363	\$237
<i>Total Mental Health</i>	<b>\$23,906</b>	<b>\$23,669</b>	<b>\$237</b>
<b>Social Services:</b>			
<b>Administration:</b>			
Salaries & Employee Benefits	\$1,230,656	\$1,122,398	\$108,258
Operating Expenses	266,450	301,299	(34,849)
<i>Total</i>	<b>\$1,497,106</b>	<b>\$1,423,697</b>	<b>\$73,409</b>
<b>AFDC Program:</b>			
Extra Items	\$4,000	\$3,538	\$462
Foster Care	100,000	65,687	34,313
<i>Total</i>	<b>\$104,000</b>	<b>\$69,225</b>	<b>\$34,775</b>

## JONES COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2015

	Budget	2015 Actual	Variance Favorable (Unfavorable)
<b>Medicaid Program:</b>			
County Participation Only	\$5,000	\$927	\$4,073
<b>Child Protective Services</b>	\$100	\$0	\$100
<b>Foster Care</b>	\$20,000	\$0	\$20,000
<b>General Assistance</b>	\$1,150	\$55	\$1,095
<b>Aid to Blind</b>	\$1,302	\$1,177	\$125
<b>Day Care - County Participation</b>	\$492,192	\$489,552	\$2,640
<b>Food Stamp - EBT</b>	\$4,264	\$3,199	\$1,065
<b>Child Support Officer</b>	\$80,000	\$3,567	\$76,433
<b>Title III - Homemaker:</b>			
Salaries & Employee Benefits	\$20,475	\$10,940	\$9,535
Operating Expenses		301	(301)
<i>Total</i>	\$20,475	\$11,241	\$9,234
<b>Work First Jobs Program</b>	\$36,700	\$36,176	\$524
<b>Supplemental Assistance</b>	\$106,411	\$57,887	\$48,524
<b>Medicaid Transportation</b>	\$225,000	\$169,839	\$55,161
<b>Crisis Intervention</b>	\$41,041	\$17,655	\$23,386
<b>Emergency Assistance</b>	\$68,100	\$68,100	\$0
<b>Adoption Assistance</b>	\$8,688	\$3,185	\$5,503
<b>Energy Assistance - Progress Energy</b>	\$7,846	\$2,300	\$5,546
<b>Long-Term Care Screening</b>	\$7,500	\$7,016	\$484
<i>Total Social Services</i>	\$2,726,875	\$2,364,797	\$362,078

## JONES COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2015

	Budget	2015 Actual	Variance Favorable (Unfavorable)
<b>Veterans Service Officer:</b>			
Salaries & Employee Benefits	\$19,615	\$20,514	(\$899)
Operating Expenses	3,350	1,523	1,827
<i>Total Veterans Service Officer</i>	<b>\$22,965</b>	<b>\$22,037</b>	<b>\$928</b>
<b>Rural Transportation</b>	<b>\$107,748</b>	<b>\$92,220</b>	<b>\$15,528</b>
<b>Tri-County Senior Citizens:</b>			
Salaries & Employee Benefits	\$35,134	\$34,584	\$550
Title V	165,312	112,106	53,206
SR Services Outreach	2,500	2,381	119
General Purpose	5,740	5,035	705
Capital Vehicles		20,750	(20,750)
<i>Total Tri-County Senior Citizens</i>	<b>\$208,686</b>	<b>\$174,857</b>	<b>\$33,829</b>
<b>TOTAL HUMAN SERVICES</b>	<b>\$4,163,648</b>	<b>\$3,570,526</b>	<b>\$593,122</b>
<i>Cultural and Recreational:</i>			
<b>Recreational:</b>			
Salaries & Employee Benefits	\$29,193	\$25,747	\$3,446
Operating Expenses	27,775	25,595	2,180
<i>Total</i>	<b>\$56,968</b>	<b>\$51,342</b>	<b>\$5,626</b>
<b>Civic Center:</b>			
Operating Expenses	<b>\$45,900</b>	<b>\$42,143</b>	<b>\$3,757</b>
<b>Interagency Council:</b>			
Operating Expenses	<b>\$5,500</b>	<b>\$5,473</b>	<b>\$27</b>
<b>Arts Council Appropriation</b>	<b>\$1,775</b>	<b>\$1,775</b>	<b>\$0</b>
<b>Libraries Appropriation</b>	<b>\$86,990</b>	<b>\$86,142</b>	<b>\$848</b>
<b>TOTAL CULTURAL AND RECREATIONAL</b>	<b>\$197,133</b>	<b>\$186,875</b>	<b>\$10,258</b>

## JONES COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2015

	Budget	2015 Actual	Variance Favorable (Unfavorable)
<i>Education:</i>			
<b>Public Schools:</b>			
Current Expense	\$1,740,901	\$1,740,901	
Forest Receipts	30,000	43,171	(\$13,171)
Capital Outlay	502,175	442,961	59,214
<i>Total</i>	<b>\$2,273,076</b>	<b>\$2,227,033</b>	<b>\$46,043</b>
<b>Community College:</b>			
Operating Expenses	<b>\$104,858</b>	<b>\$104,858</b>	<b>\$0</b>
<i>TOTAL EDUCATION</i>	<b>\$2,377,934</b>	<b>\$2,331,891</b>	<b>\$46,043</b>
<i>Debt Service:</i>			
Principal Retirement	\$460,197	\$460,197	
Interest	104,303	60,208	\$44,095
<i>Total</i>	<b>\$564,500</b>	<b>\$520,405</b>	<b>\$44,095</b>
<i>Miscellaneous - County</i>	<b>\$191,447</b>	<b>\$75,154</b>	<b>\$116,293</b>
<i>TOTAL EXPENDITURES</i>	<b>\$14,668,839</b>	<b>\$13,346,457</b>	<b>\$1,322,381</b>
<i>Revenues Over (Under) Expenditures</i>	<b>(\$2,667,066)</b>	<b>(\$972,704)</b>	<b>\$1,694,362</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
<i>Transfers from Other Funds:</i>			
Enterprise Fund	\$100,000	\$100,000	
<i>Transfers to Other Funds:</i>			
Special Revenue Fund	(31,000)	(25,000)	\$6,000
Appropriated Fund Balance	2,598,066		(2,598,066)
<i>Total Other Financing Sources (Uses)</i>	<b>\$2,667,066</b>	<b>\$75,000</b>	<b>(\$2,592,066)</b>
<i>NET CHANGE IN FUND BALANCE</i>	<b>\$0</b>	<b>(\$897,704)</b>	<b>(\$897,704)</b>
<b>FUND BALANCES:</b>			
Beginning of Year, July 1		8,442,168	
<i>End of Year, June 30</i>		<b>\$7,544,464</b>	

## **COMBINING STATEMENTS FOR NON-MAJOR FUNDS**

### **Special Revenue Funds**

- *Hazard Mitigation Fund* – This fund is used to acquire and demolish one (1) property located in the Special Flood Hazard Area.
- *Property Revaluation Fund* – The County uses this fund to set aside money each year to pay for the revaluation for tax purposes of real property every eight years.
- *Community Development Block Grant Fund (CDBG)* – This fund is used to account for receipt of CDBG funds and matching expenditures for various CDBG projects in the County.
- *Fire District Fund* – This fund accounts for the County's collection of tax revenue and related expenditures for each of the four fire districts.

**JONES COUNTY, NORTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2015

	Special Revenue Funds				Total	Total
	Hazard Mitigation Fund	Property Revaluation Fund	Community Development Block Grant	Fire District Fund	Non-major Special Revenue Governmental Funds	Non-major Governmental Funds
<b><u>ASSETS</u></b>						
Cash & Cash Equivalents				\$1,759	\$1,759	\$1,759
Restricted Cash		\$33,455			33,455	33,455
Due From Other Governments	\$4,592		\$367		4,959	4,959
<b>TOTAL ASSETS</b>	<b>\$4,592</b>	<b>\$33,455</b>	<b>\$367</b>	<b>\$1,759</b>	<b>\$40,173</b>	<b>\$40,173</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>Liabilities:</b>						
Accounts Payable				\$1,759	\$1,759	\$1,759
Due to Other Funds	\$4,592		\$367		4,959	4,959
<b>Total Liabilities</b>	<b>\$4,592</b>	<b>\$0</b>	<b>\$367</b>	<b>\$1,759</b>	<b>\$6,718</b>	<b>\$6,718</b>
<b>Fund Balances:</b>						
Restricted:						
Stabilization by State Statute	\$4,592		\$367		\$4,959	\$4,959
Fire Protection				\$1,759	1,759	1,759
Committed		\$33,455			33,455	33,455
Unassigned	(4,592)		(367)	(1,759)	(6,718)	(6,718)
<b>Total Fund Balances</b>	<b>\$0</b>	<b>\$33,455</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,455</b>	<b>\$33,455</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$4,592</b>	<b>\$33,455</b>	<b>\$367</b>	<b>\$1,759</b>	<b>\$40,173</b>	<b>\$40,173</b>



**JONES COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For The Fiscal Year Ended June 30, 2015**

	Special Revenue Funds				Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	Hazard Mitigation Fund	Property Revaluation Fund	Community Development Block Fund	Fire District Fund		
<b>REVENUES:</b>						
Ad Valorem Taxes				\$102,243	\$102,243	<b>\$102,243</b>
Restricted Intergovernmental	\$67,645		\$376,060		443,705	<b>443,705</b>
<b>Total Revenues</b>	<b>\$67,645</b>	<b>\$0</b>	<b>\$376,060</b>	<b>\$102,243</b>	<b>\$545,948</b>	<b>\$545,948</b>
<b>EXPENDITURES:</b>						
Public Safety				\$102,243	\$102,243	<b>\$102,243</b>
Environmental Protection	\$67,645				67,645	<b>67,645</b>
Economic & Physical Development			\$376,060		376,060	<b>376,060</b>
<b>Total Expenditures</b>	<b>\$67,645</b>	<b>\$0</b>	<b>\$376,060</b>	<b>\$102,243</b>	<b>\$545,948</b>	<b>\$545,948</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers From (To) Other Funds		\$25,000			\$25,000	<b>\$25,000</b>
<b>Total Other Financing Sources (Uses)</b>	<b>\$0</b>	<b>\$25,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000</b>	<b>\$25,000</b>
<b>Net Change in Fund Balances</b>	<b>\$0</b>	<b>\$25,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000</b>	<b>\$25,000</b>
<b>FUND BALANCES:</b>						
Beginning of Year, July 1		\$8,455			\$8,455	<b>\$8,455</b>
<b>End of Year, June 30</b>	<b>\$0</b>	<b>\$33,455</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,455</b>	<b>\$33,455</b>

**JONES COUNTY, NORTH CAROLINA**  
**HAZARD MITIGATION FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

	<b>Project</b>	<b>Prior</b>	<b>Actual</b>	<b>Total</b>	<b>Variance</b>
	<b>Authorization</b>	<b>Years</b>	<b>Current</b>	<b>To Date</b>	<b>Favorable</b>
			<b>Year</b>	<b>(Unfavorable)</b>	
<b>REVENUES:</b>					
<i>Restricted Intergovernmental:</i>					
Hazard Mitigation Grant	\$224,541	\$3,691	\$67,645	\$71,336	\$153,205
<b>Total Revenues</b>	<b>\$224,541</b>	<b>\$3,691</b>	<b>\$67,645</b>	<b>\$71,336</b>	<b>\$153,205</b>
<b>EXPENDITURES:</b>					
<i>Environmental Protection:</i>					
Acquisition	\$191,269		\$64,053	\$64,053	\$127,216
Demolition	21,522		3,400	3,400	18,122
Appraisal	1,000	\$575		575	425
Inspection	2,500	325		325	2,175
Survey	1,200	575		575	625
Administration	5,000		192	192	4,808
Legal	2,050	2,216		2,216	(166)
<b>Total Expenditures</b>	<b>\$224,541</b>	<b>\$3,691</b>	<b>\$67,645</b>	<b>\$71,336</b>	<b>\$153,205</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$0)</b>	<b>(\$0)</b>	<b>\$0</b>
<b>Revenues and Other Financing Sources</b>					
<b>Over (Under) Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$0)</b>	<b>\$0</b>
<b>FUND BALANCE:</b>					
Beginning of Year, July 1					
<b>End of Year, June 30</b>			<b>\$0</b>		

**JONES COUNTY, NORTH CAROLINA**  
**PROPERTY REVALUATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**For The Fiscal Year Ended June 30, 2015**

	Annual Budget	2015 Actual	Variance Favorable (Unfavorable)
<i>EXPENDITURES:</i>			
<i>General Government:</i>			
Contract Revaluation	\$200,000	\$0	\$200,000
<i>OTHER FINANCING SOURCES:</i>			
Operating Transfer From General Fund	\$50,000	\$25,000	(\$25,000)
Appropriated Fund Balance	150,000		(150,000)
<i>Total Other Financing Sources</i>	\$200,000	\$25,000	(\$175,000)
 <i>Revenues and Other Financing Sources</i> <i>Over (Under) Expenditures</i>	 \$0	 \$25,000	 \$25,000
<b>FUND BALANCE:</b>			
Beginning of Year, July 1		8,455	
 End of Year, June 30		\$33,455	

**JONES COUNTY, NORTH CAROLINA**  
**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
<i>Restricted Intergovernmental:</i>					
Technical Control Consultants Project:					
2011 CDBG-ED Grant	\$456,000	\$455,000		\$455,000	(\$1,000)
2011 NC IDF Grant	380,000	355,679		355,679	(24,321)
2011 Rural Center EIP Grant	380,000	279,906		279,906	(100,094)
2011 CDBG NC Catalyst	500,000	33,071	\$376,060	409,131	(90,869)
<b>Total Revenues</b>	<b>\$1,716,000</b>	<b>\$1,123,656</b>	<b>\$376,060</b>	<b>\$1,499,716</b>	<b>(\$216,284)</b>
<b>EXPENDITURES:</b>					
<i>*Technical Control Consultants Project:</i>					
Water Improvements	\$50,250	\$67,308		\$67,308	(\$17,058)
Sewer Improvements	947,250	694,020		694,020	253,230
Road Improvements	207,500	319,257		319,257	(111,757)
Planning	5,000	5,000		5,000	
Administration	25,000	24,000		24,000	1,000
<b>Total Technical Control Consultants Project Expenditures</b>	<b>\$1,235,000</b>	<b>\$1,109,585</b>	<b>\$0</b>	<b>\$1,109,585</b>	<b>\$125,415</b>
<i>2011 CDBG NC Catalyst:</i>					
Clearance	\$18,500	\$650	\$16,537	\$17,187	\$1,313
Rehabilitation	89,000		87,957	87,957	1,043
Reconstruction	153,500	9,249	144,205	153,454	46
Street Improvements	142,700	7,997	69,333	77,330	65,370
Drainage Improvements	20,000	1,424	8,380	9,804	10,196
Water Improvements	25,300	1,534	11,938	13,472	11,828
Administration	50,000	12,217	37,068	49,285	715
Temporary Relocation	1,000		643	643	357
<b>Total 2011 CDBG NC Catalyst Project Expenditures</b>	<b>\$500,000</b>	<b>\$33,071</b>	<b>\$376,060</b>	<b>\$409,131</b>	<b>\$90,869</b>
<b>Total Expenditures</b>	<b>\$1,735,000</b>	<b>\$1,142,656</b>	<b>\$376,060</b>	<b>\$1,518,716</b>	<b>\$216,284</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$19,000)</b>	<b>(\$19,000)</b>	<b>(\$0)</b>	<b>(\$19,000)</b>	<b>(\$0)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Local County Contribution (TC2)	\$19,000	\$19,000		\$19,000	
<b>Total Other Financing Sources (Uses)</b>	<b>\$19,000</b>	<b>\$19,000</b>	<b>\$0</b>	<b>\$19,000</b>	<b>\$0</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$0)</b>	<b>(\$0)</b>	<b>(\$0)</b>
<b>FUND BALANCE:</b>					
Beginning of Year, July 1					
<b>End of Year, June 30</b>			<b>(\$0)</b>		

\*Water Improvements are for the Town of Pollocksville. Current year amounts reflect adjustments for prior year reclassifications.

**JONES COUNTY, NORTH CAROLINA**  
**FIRE DISTRICT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For The Fiscal Year Ended June 30, 2015**

	<b>Annual Budget</b>	<b>2015 Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>			
Ad Valorem Taxes - Current Year	\$158,000	\$102,243	(\$55,757)
<i>Total Revenues</i>	<b>\$158,000</b>	<b>\$102,243</b>	<b>(\$55,757)</b>
<b>EXPENDITURES:</b>			
<i>Public Safety:</i>			
Comfort Fire Tax District	\$17,000	\$12,160	\$4,840
Hargett's Crossroad Fire District	47,000	16,342	30,658
Pollocksville Fire Tax District	47,000	37,988	9,012
Trenton Fire Tax District	47,000	35,753	11,247
<i>Total Expenditures</i>	<b>\$158,000</b>	<b>\$102,243</b>	<b>\$55,757</b>
<i>Revenues Over Expenditures</i>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
FUND BALANCE, Beginning			
<b>FUND BALANCE, Ending</b>		<b>\$0</b>	

## **ENTERPRISE FUND**

*Water Fund* – This fund accounts for the activities of the County's Water District, the associated Capital Reserve Fund, the Automatic Meter Reading System Capital Project Fund, the Well Improvements Capital Project Fund, and the 14/DOT Water Line Relocation Capital Project Fund.

**JONES COUNTY, NORTH CAROLINA**  
**WATER FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**For The Fiscal Year Ended June 30, 2015**

	2015		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES:</b>			
Water Sales	\$1,120,960	\$1,178,413	\$57,453
Water Tap Fees	20,000	29,275	9,275
Reconnect Fees	48,000	24,440	(23,560)
Other Operating Revenues	7,950	13,686	5,736
<i>Total Operating Revenues</i>	<b>\$1,196,910</b>	<b>\$1,245,814</b>	<b>\$48,904</b>
<b>NONOPERATING REVENUES:</b>			
Interest Earned on Investment		\$5	\$5
N.C. Dept of Transportation Waterline Relocation Grant		37,447	37,447
N.C. Rural Economic Development Center Grant		37,889	37,889
<i>Total Nonoperating Revenues</i>	<b>\$0</b>	<b>\$75,341</b>	<b>\$75,341</b>
<i>Total Revenues</i>	<b>\$1,196,910</b>	<b>\$1,321,155</b>	<b>\$124,245</b>
<b>OPERATING EXPENSES:</b>			
<i>Water Administration, Billing &amp; Collection:</i>			
Salaries & Employee Benefits	\$85,566	\$85,213	\$353
Professional Services	9,000	8,400	600
Insurance	53,000	52,033	967
Postage	13,250	7,422	5,828
Supplies	1,200	1,047	153
Printing	4,000	2,935	1,065
Telephone	1,968	1,505	463
Other Operating Expenses	45,400	59,488	(14,088)
<i>Total</i>	<b>\$213,384</b>	<b>\$218,042</b>	<b>(\$4,658)</b>
<i>Raw Water Supply &amp; Maintenance:</i>			
Salaries & Employee Benefits	\$256,625	\$253,574	\$3,051
Electric Power	60,000	63,401	(3,401)
Vehicles Operation & Maintenance	32,000	28,063	3,937
Supplies & Materials	13,200	14,156	(956)
Sample Analysis	15,000	15,674	(674)
Other Operating Expenses	83,400	76,630	6,770
Maintenance & Replacement	38,400	85,663	(47,263)
<i>Total</i>	<b>\$498,625</b>	<b>\$537,161</b>	<b>(\$38,536)</b>
<i>Total Operating Expenses</i>	<b>\$712,009</b>	<b>\$755,204</b>	<b>(\$43,195)</b>
<b>Debt Service:</b>			
Interest and Other Charges	\$20,663	\$20,663	
Debt Principal	150,287	150,215	\$72
<i>Total</i>	<b>\$170,950</b>	<b>\$170,878</b>	<b>\$72</b>

**JONES COUNTY, NORTH CAROLINA**  
**WATER FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**For The Fiscal Year Ended June 30, 2015**

	2015		Variance
	Budget	Actual	Favorable (Unfavorable)
<i>Capital Outlay:</i>			
Construction	\$113,951	\$22,534	\$91,417
<i>Total Expenditures</i>	\$996,910	\$948,616	\$48,294
<i>Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)</i>	\$200,000	\$372,539	\$172,539
<i>OTHER FINANCING SOURCES (USES):</i>			
Transfer to General Fund	(\$105,000)	(\$100,000)	\$5,000
Transfer to Water Capital Reserve Capital Project Fund	(95,000)	(95,000)	
Loss on Sale of Fixed Assets		(130,507)	(130,507)
<i>Total Other Financing Sources (Uses)</i>	(\$200,000)	(\$325,507)	(\$125,507)
<i>Revenues and Other Financing Sources Over (Under) Expenditures</i>	\$0	\$47,032	\$47,032
<i>Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:</i>			
<i>Revenues and Other Financing Sources Over (Under) Expenditures</i>		\$47,032	
<i>Reconciling Items:</i>			
Debt Principal		\$150,215	
Capital Outlay		22,534	
Increase in Accrued Vacation		(3,686)	
Contributions Made to the Pension Plan in the Current Fiscal Year		18,919	
Depreciation		(259,148)	
Pension Expense		(1,877)	
Transfer to Water Capital Reserve Capital Project Fund		95,000	
<i>Total Reconciling Items</i>		\$21,957	
<i>Change in Net Position</i>		\$68,989	



**JONES COUNTY, NORTH CAROLINA**  
**WATER CAPITAL RESERVE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
**For The Fiscal Year Ended June 30, 2015**

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	<b>Budget</b>	<b>2015 Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<i>OTHER FINANCING SOURCES (USES):</i>			
Transfer from Water Fund	\$95,000	\$95,000	
Appropriated Fund Balance	(95,000)		\$95,000
<i>Total Other Financing Sources (Uses)</i>	<b>\$0</b>	<b>\$95,000</b>	<b>\$95,000</b>
 <i>Revenues and Other Financing Sources Over (Under) Expenditures</i>	 <b>\$0</b>	 <b>\$95,000</b>	 <b>\$95,000</b>
 <i>FUND BALANCES:</i>			
Beginning of Year, July 1		590,642	
 <i>End of Year, June 30</i>		 <b>\$685,642</b>	

**JONES COUNTY, NORTH CAROLINA**  
**AUTOMATIC METER READING - ENTERPRISE CAPITAL PROJECT FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
**For The Fiscal Year Ended June 30, 2015**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
PWS DWSRF Loan	\$2,015,000	\$1,883,014	\$83,239	\$1,966,253	\$48,747
<i>Total Revenues</i>	<b>\$2,015,000</b>	<b>\$1,883,014</b>	<b>\$83,239</b>	<b>\$1,966,253</b>	<b>\$48,747</b>
<b>EXPENDITURES:</b>					
Construction	\$1,652,280	\$1,566,633	\$44,898	\$1,611,531	\$40,749
Engineering	140,444	124,742	24,263	149,005	(8,561)
Administration	155,373	141,278	14,078	155,356	17
Legal	3,000	2,565		2,565	435
Closing Fee	40,300	40,300		40,300	
Advertisements	500	2,469		2,469	(1,969)
Contingency	23,103				23,103
Funding Assistance	15,000	7,500		7,500	7,500
<i>Total Expenditures</i>	<b>\$2,030,000</b>	<b>\$1,885,487</b>	<b>\$83,239</b>	<b>\$1,968,726</b>	<b>\$61,274</b>
<i>Revenues Over (Under) Expenditures</i>	<b>(\$15,000)</b>	<b>(\$2,473)</b>	<b>\$0</b>	<b>(\$2,473)</b>	<b>(\$12,527)</b>
<b>OTHER FINANCING SOURCES:</b>					
Local Match	\$15,000	\$2,473		\$2,473	\$12,527
<i>Total Other Financing Sources</i>	<b>\$15,000</b>	<b>\$2,473</b>	<b>\$0</b>	<b>\$2,473</b>	<b>\$12,527</b>
<i>Revenues and Other Financing Sources Over (Under) Expenditures</i>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>FUND BALANCE:</b>					
Beginning of Year, July 1					
<b>End of Year, June 30</b>			<b>\$0</b>		

**JONES COUNTY, NORTH CAROLINA**  
**14/DOT WATER LINE RELOCATION – ENTERPRISE CAPITAL PROJECT FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
**For The Fiscal Year Ended June 30, 2015**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
N.C. Department of Transportation	\$362,823		\$37,447	\$37,447	\$325,376
<i>Total Revenues</i>	<b>\$362,823</b>	<b>\$0</b>	<b>\$37,447</b>	<b>\$37,447</b>	<b>\$325,376</b>
<b>EXPENDITURES:</b>					
Contract No. 2 - Water Line Replacement	\$281,285		\$37,447	\$37,447	\$243,838
Construction Administration	14,675				14,675
Construction Observation	34,573				34,573
Additional Services	4,110				4,110
Contingency	28,180				28,180
<i>Total Expenditures</i>	<b>\$362,823</b>	<b>\$0</b>	<b>\$37,447</b>	<b>\$37,447</b>	<b>\$325,376</b>
<i>Revenues Over (Under) Expenditures</i>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FUND BALANCE:**

Beginning of Year, July 1

End of Year, June 30

<b>\$0</b>

**JONES COUNTY, NORTH CAROLINA**  
**WELL IMPROVEMENTS - ENTERPRISE CAPITAL PROJECT FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
**For The Fiscal Year Ended June 30, 2015**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
NC Rural Economic Development Center	\$66,906	\$28,717	\$37,889	\$66,606	\$300
<i>Total Revenues</i>	<b>\$66,906</b>	<b>\$28,717</b>	<b>\$37,889</b>	<b>\$66,606</b>	<b>\$300</b>
<b>EXPENDITURES:</b>					
Contract No. 3 - Well 5B & 4					
A.C. Schultes of Carolina	\$59,825	\$21,636	\$37,889	\$59,525	\$300
Additional Services	7,081	7,081		7,081	
<i>Total Expenditures</i>	<b>\$66,906</b>	<b>\$28,717</b>	<b>\$37,889</b>	<b>\$66,606</b>	<b>\$300</b>
<i>Revenues Over (Under) Expenditures</i>	<b>\$0</b>	<b>\$0</b>	<b>(\$0)</b>	<b>(\$0)</b>	<b>\$0</b>
<b>FUND BALANCE:</b>					
Beginning of Year, July 1					
<b>End of Year, June 30</b>			<b>\$0</b>		

## **AGENCY FUNDS**

**Agency Funds serve primarily as clearing mechanisms for cash resources that are collected by a government unit, held as such for a brief period, and then distributed to authorized recipients.**

*The following comprise the County's Agency Funds:*

*Social Services Fund* – The Social Services Fund is used to account for funds received by the County by court order on behalf of citizens who are unable to manage their own financial affairs.

*Fines and Forfeitures Fund* – This fund accounts for fines and forfeitures collected by the County that are required to be remitted to the Jones County Board of Education.

*Ad Valorem Tax Fund* – This fund accounts for the proceeds of the ad valorem taxes that are collected by the County on behalf of the municipalities and other taxing jurisdictions within the County.

*Agricultural Extension Fund* – This fund accounts for the moneys collected and disbursed by the Cooperative Extension office.

*Animal Cruelty Fund* – This fund accounts for the moneys collected and dispersed by the Animal Control department.

*Miscellaneous Trust Fund* – This fund accounts for all other moneys collected and dispersed by the County for various organizations in the County.

**JONES COUNTY, NORTH CAROLINA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**For The Fiscal Year Ended June 30, 2015**

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Social Services Fund:</b>				
Assets, Cash and Investments	\$5,590	\$45,141	\$32,084	\$18,647
Accounts Receivable	1,328	1,501	1,328	1,501
<b>Total</b>	<b>\$6,918</b>	<b>\$46,642</b>	<b>\$33,412</b>	<b>\$20,148</b>
Liabilities, Accounts Payable	<b>\$6,918</b>	<b>\$46,642</b>	<b>\$33,412</b>	<b>\$20,148</b>
<b>Fines and Forfeitures Fund:</b>				
Assets, Cash and Investments		\$80,348	\$80,348	
Accounts Receivable	\$5,639	6,209	5,639	\$6,209
<b>Total</b>	<b>\$5,639</b>	<b>\$86,557</b>	<b>\$85,987</b>	<b>\$6,209</b>
Liabilities:				
Intergovernmental Payable - Jones County Board of Education	\$5,639	\$86,557	\$85,987	\$6,209
<b>Total Liabilities</b>	<b>\$5,639</b>	<b>\$86,557</b>	<b>\$85,987</b>	<b>\$6,209</b>
<b>Ad Valorem Tax Fund:</b>				
Assets, Cash and Investments		\$338,856	\$333,850	\$5,006
Accounts Receivable	\$228	869	228	869
<b>Total</b>	<b>\$228</b>	<b>\$339,725</b>	<b>\$334,078</b>	<b>\$5,875</b>
Liabilities, Intergovernmental Payables	<b>\$228</b>	<b>\$339,725</b>	<b>\$334,078</b>	<b>\$5,875</b>
<b>Agricultural Extension Fund:</b>				
Assets, Cash and Investments	\$52,020	\$40,387	\$32,390	\$60,017
Accounts Receivable	1,375	1,279	1,375	1,279
<b>Total</b>	<b>\$53,395</b>	<b>\$41,666</b>	<b>\$33,765</b>	<b>\$61,296</b>
Liabilities, Intergovernmental Payables	<b>\$53,395</b>	<b>\$41,666</b>	<b>\$33,765</b>	<b>\$61,296</b>
<b>Animal Cruelty Fund:</b>				
Assets, Cash and Investments	<b>\$31,473</b>	<b>\$0</b>	<b>\$1,575</b>	<b>\$29,898</b>
Liabilities, Intergovernmental Payables	<b>\$31,473</b>	<b>\$0</b>	<b>\$1,575</b>	<b>\$29,898</b>
<b>Miscellaneous Trust Fund:</b>				
Assets, Cash and Investments	<b>\$10,390</b>	<b>\$22,849</b>	<b>\$16,772</b>	<b>\$16,467</b>
Liabilities, Intergovernmental Payables	<b>\$10,390</b>	<b>\$22,849</b>	<b>\$16,772</b>	<b>\$16,467</b>
<b>Totals - All Agency Funds:</b>				
Assets, Cash	\$99,473	\$527,581	\$497,019	\$130,035
Accounts Receivable	8,570	9,858	8,570	9,858
	<b>\$108,043</b>	<b>\$537,439</b>	<b>\$505,589</b>	<b>\$139,893</b>
<b>Liabilities and Payables</b>	<b>\$108,043</b>	<b>\$537,439</b>	<b>\$505,589</b>	<b>\$139,893</b>

## **STATISTICAL SECTION**

**This section includes additional information required on property taxes and transfers.**

- **Statement of Ad Valorem Taxes Receivable**
- **Analysis of Current Tax Levy**
- **Ten Largest Taxpayers**

**JONES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**STATEMENT OF AD VALOREM TAXES RECEIVABLE**  
June 30, 2015

<b>Fiscal Year Ended June 30,</b>	<b>Uncollected Balance June 30, 2014</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2015</b>
2014-15		\$6,225,766	\$6,042,492	\$183,274
2013-14	\$288,636		202,513	86,123
2012-13	76,419		30,182	46,237
2011-12	39,796		7,822	31,974
2010-11	24,066		5,958	18,108
2009-10	15,681		1,075	14,606
2008-09	13,929		693	13,236
2007-08	12,534		690	11,844
2006-07	11,216		243	10,973
2005-06	11,952		659	11,293
2004-05	8,973		8,973	
	<b>\$503,202</b>	<b>\$6,225,766</b>	<b>\$6,301,300</b>	<b>\$427,668</b>
Less: Allowance for Uncollectible Ad Valorem Taxes				(15,000)
Plus: Uncollected 2013-2014 Ad Valorem Taxes Receivable Vehicles				200
<i>Ad Valorem Taxes Receivable - Net</i>				<b>\$412,868</b>
Reconcilement with Revenue:				
Taxes - Ad Valorem - General Fund				<b>\$6,354,788</b>
<i>Reconciling Items:</i>				
Taxes Written Off				\$8,973
Interest Collected				(62,462)
<i>Total Reconciling Items</i>				<b>(\$53,489)</b>
<i>Total Collections and Credits</i>				<b>\$6,301,300</b>



**JONES COUNTY, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**COUNTY-WIDE LEVY**  
For The Fiscal Year Ended June 30, 2015

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered	
				Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property Taxed at Current Year's Rate	\$720,624,191	0.77	\$5,548,806	\$5,548,806	
Motor Vehicles County Billed	79,100	0.77	633		\$633
Motor Vehicle NCVTS	82,848,462	0.77	644,075		644,075
Rollback	508,622	0.77	3,955	3,955	
<b>Total Original Levy</b>	<b>\$804,060,375</b>		<b>\$6,197,469</b>	<b>\$5,552,761</b>	<b>\$644,708</b>
<b>Discoveries:</b>					
Current Year Taxes	\$3,505,059	0.77	\$26,989	\$26,989	
Prior Year Taxes			1,308	1,308	
<b>Total Discoveries</b>	<b>\$3,505,059</b>		<b>\$28,297</b>	<b>\$28,297</b>	<b>\$0</b>
<b>Total Property Valuation</b>	<b>\$807,565,434</b>				
<b>Net Levy</b>			<b>\$6,225,766</b>	<b>\$5,581,058</b>	<b>\$644,708</b>
Uncollected Taxes at June 30, 2015			183,474	183,214	260
<b>Current Year's Taxes Collected</b>			<b>\$6,042,292</b>	<b>\$5,397,844</b>	<b>\$644,448</b>
<b>Current Levy Collection Percentage</b>			<b>97.05%</b>	<b>96.72%</b>	<b>99.96%</b>

**JONES COUNTY, NORTH CAROLINA**  
**TEN LARGEST TAXPAYERS**  
For The Fiscal Year Ended June 30, 2015

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2014 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Weyerhaeuser Company	Timber	\$34,309,443	4.25%
Jones - Onslow EMC	Utility	\$24,739,309	3.06%
Brown's Realty Partnership	Real Estate	\$8,511,583	1.05%
Duke Energy Progress, Inc.	Utility	\$7,681,992	0.95%
Jones County Cotton Gin, Inc.	Agricultural	\$5,096,064	0.63%
Brunswick Timber, LLC	Timber	\$4,878,260	0.60%
Carolina Telephone	Utility	\$3,235,768	0.40%
Carteret-Craven EMC	Utility	\$2,840,723	0.35%
Coastal Beverage Co.	Distributo r	\$2,705,830	0.34%
Nunnelee Properties, LLC	Real Estate	\$2,613,932	0.32%

**COMPLIANCE SECTION**



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of County Commissioners  
Jones County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises Jones County's basic financial statements, and have issued our report thereon dated December 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jones County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jones County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 15-1 to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 15-2 to be a significant deficiency.

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Compliance and Other Matters

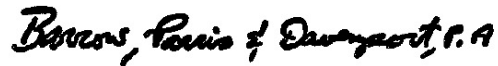
As a part of obtaining reasonable assurance about whether Jones County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 15-2 and Finding 15-3.

Jones County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BARROW, PARRIS & DAVENPORT, P.A.  
KINSTON, NC

December 30, 2015



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE  
STATE SINGLE AUDIT IMPLEMENTATION ACT**

---

**INDEPENDENT AUDITOR'S REPORT**

To the Board of County Commissioners  
Jones County, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Jones County, North Carolina's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Jones County's major federal programs for the year ended June 30, 2015. Jones County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Jones County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jones County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jones County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Jones County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 15-4, 15-5, 15-6, 15-7, 15-8, 15-9 and 15-10. Our opinion on each major federal program is not modified with respect to these matters.

Jones County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Jones County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control Over Compliance

Management of Jones County is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered Jones County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 15-4, 15-5, 15-6, and 15-7 to be material weaknesses.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs at Findings 15-8, 15-9, and 15-10 to be significant deficiencies.

Jones County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Jones County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Barrow, Parris & Davenport, P.A.*

BARROW, PARRIS & DAVENPORT, P.A.  
KINSTON, NC

December 30, 2015



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB  
CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

---

**INDEPENDENT AUDITOR'S REPORT**

To the Board of County Commissioners  
Jones County, North Carolina

**Report on Compliance for Each Major State Program**

We have audited the compliance of Jones County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission that could have a direct and material effect on each of its major State programs for the year ended June 30, 2015. Jones County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Jones County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Jones County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination on Jones County's compliance.

**Opinion on Each Major State Programs**

In our opinion, Jones County complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2015.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 15-11, 15-12, 15-13, 15-14, 15-15, 15-16 and 15-17. Our opinion on each major State program is not modified with respect to these matters.



Jones County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Jones County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control Over Compliance

The management of Jones County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jones County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 15-11, 15-12, 15-13, and 15-14 to be material weaknesses.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs at Finding 15-15, 15-16, and 15-17 to be significant deficiencies.

Jones County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Jones County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Barrow, Parris & Davenport, P.A.*

BARROW, PARRIS & DAVENPORT, P.A.  
KINSTON, NC

December 30, 2015

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2015

**I. SUMMARY OF AUDITOR'S RESULTS**

	<u>YES</u>	<u>NO</u>
<b><u>Financial Statements</u></b>		
Type of auditor's report issued: Unmodified		
Internal control over financial reporting:		
• Material weakness(es) identified	<u>X</u>	<u>          </u>
• Significant deficiency(s) identified that are not considered to be material weaknesses	<u>X</u>	<u>          </u>
Noncompliance material to financial statements noted	<u>          </u>	<u>X</u>

**Federal Awards**

Internal control over major programs:		
• Material weakness(es) identified	<u>X</u>	<u>          </u>
• Significant deficiency(s) identified that are not considered to be material weaknesses	<u>X</u>	<u>          </u>
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	<u>X</u>	<u>          </u>

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Programs or Cluster</u>
	<b>Subsidized Child Care Cluster:</b>
93.596	Child Care Development Fund
93.596	Child Care Development Fund - Mandatory
93.575	Child Care and Development Fund - Discretionary
93.596	Child Care and Development Fund - Match
93.558	Temporary Assistance for Needy Families
93.658	Foster Care Title IV-E
93.778	Medical Assistance Program
14.228	2011 Community Development Block Program – NC Catalyst Grant

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$377,426</u>
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**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2015

	<u>YES</u>	<u>NO</u>
Auditee qualified as low-risk auditee	<u>          </u>	<u>  X  </u>
Internal control over major State programs:		
• Material weakness(es) identified	<u>  X  </u>	<u>          </u>
• Significant deficiency(s) identified that are not considered to be material weaknesses	<u>  X  </u>	<u>          </u>
Type of auditor's report issued on compliance for major State programs: Unmodified		
Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act	<u>  X  </u>	<u>          </u>

Identification of major State programs:

**Program Name**

Medical Assistance Program  
Subsidized Child Care Cluster:  
Foster Care Title IV-E  
State Appropriations  
TANF – MOE Daycare

**II. FINANCIAL STATEMENT FINDINGS**

**FINDING 15-1**

**MATERIAL WEAKNESS**

<i>Criteria:</i>	The County should have personnel in place that have expertise in financial accounting and reporting sufficient to prepare or review financial statements to ensure they are in accordance with generally accepted accounting principles.
<i>Condition:</i>	Although the County has employed financial personnel to perform the daily functions of the finance department, the staff does not have the expertise to prevent, detect, and correct potential misstatements in the financial statements and notes prepared in accordance with generally accepted accounting principles.
<i>Effect:</i>	The financial statements could include material misstatements or inadequate disclosures that are not in accordance with generally accepted accounting principles.
<i>Cause:</i>	The County does not have financial personnel that have the necessary expertise to ensure financial statements are prepared in accordance with generally accepted accounting principles.

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2015

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*Recommendation:* The County may consider providing the necessary training to current personnel or outsourcing the financial statement preparation function. However, an analysis of the costs versus benefits should be considered.

*Views of Responsible  
Officials and Planned  
Corrective Action:*

Management has opted to outsource the financial statement preparation function. Management will continue to monitor all areas of internal controls over financial reporting and will improve the related internal control process when feasible.

**FINDING 15-2**

**SIGNIFICANT DEFICIENCY  
IMMATERIAL NONCOMPLIANCE**

*Criteria:* In accordance with North Carolina General Statute 159-8, no obligation may be incurred in a program, function, or activity accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

*Condition:* Expenditures made in the General Fund, two special revenue funds, the enterprise fund, and the enterprise capital project fund exceeded the appropriation made by the governing board.

*Effect:* Funds were expended that had not been appropriated by the Board and the expenditures were not in accordance with applicable State statutes.

*Cause:* The County did not amend the budget for changes occurring through the year not anticipated in the initial adoption of the project budget ordinance.

*Recommendation:* The budget should be monitored closely to ensure that appropriations are available before expenditures are incurred.

*Views of Responsible  
Officials and Planned  
Corrective Action:*

The County agrees with the finding. The Board will be given monthly budget reports for review. Budget amendments will be made as necessary prior to expenditures being incurred.

**FINDING 15-3**

**IMMATERIAL NONCOMPLIANCE**

*Criteria:* Sheriffs must furnish a bond payable to the State of North Carolina under G.S. 162-8, with the amount determined by the governing board but not exceeding \$25,000.

*Condition:* There was no bond in place for the sheriff for the period of December 1, 2014 through May 31, 2015.

*Effect:* The lapse in bond coverage resulted in a General Statute violation for the six month period in which no bond was in place.

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2015

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*Cause:* The sheriff's bond renewal was overlooked when he was re-elected.

*Recommendation:* The bond renewal dates should be monitored more closely to avoid lapses in coverage.

*Views of Responsible Officials and Planned Corrective Action:* The County agrees with the finding. The County will monitor renewal dates to ensure that bonds are renewed prior to coverage period end dates.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**FINDING 15-4 (REPEAT FINDING)**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

*Passed Through the N.C. Department of Health and Human Services:*

Program Name: Medicaid

CFDA #'s: 93.778

**IMMATERIAL NONCOMPLIANCE**  
**MATERIAL WEAKNESS**

Eligibility

*Criteria:* Counties should have a case file for each recipient. As part of the basic program requirements, Medicaid workers must obtain verification of citizenship, State residency, and health insurance coverage. As part of the financial requirements of the program, Medicaid workers must provide documentation that automated income and resource matches were completed. The client files should contain income verifications and computations of monthly earned and unearned income. A redetermination should be completed at least annually for all programs with certain programs requiring a redetermination semi-annually. For certain programs, client records should contain documentation of real property verification, verification of liquid assets, and verification of medical expenses for deductible cases. Applications should be signed by both the caseworker and recipient.

*Condition:* Twenty-seven (27) case files examined contained documentation or income calculation errors with some case files containing multiple errors. One (1) case file could not be located.

*Questioned Costs:* Unable to determine as this is a direct benefit payment and the County does not have access to sufficient information to calculate the potential questioned cost.

*Context:* In our test of 60 client files, we noted the following deficiencies:

- 1 case file could not be located for testing
- 2 case files did not contain documentation of State residency
- 5 case files did not contain verification of health insurance coverage or lack thereof
- 7 case files did not contain documentation of automated income and resource matches being completed
- 10 case files did not contain income verification/budget computed correctly
- 4 case files did not contain documentation of a review being completed timely
- 2 case files did not contain documentation of real property verification
- 13 case files did not contain documentation of verification of liquid assets
- 2 case files did not contain verification of medical expenses for a deductible case
- 2 applications were not signed by the recipient

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2015

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*Effect:* Clients who are potentially ineligible may be receiving services.

*Cause:* Responsible personnel are not properly documenting and analyzing client files. In addition, a lack of supervisory review attributed to additional errors.

*Recommendation:* The County should ensure that policies and procedures are implemented and that supervisory reviews are performed in a timely manner.

*Views of Responsible Officials and Planned Corrective Actions:* The County agrees with this finding. Procedures will be implemented to ensure that proper documentation is included in each client file and that accurate income calculations are performed. It should be noted that upon subsequent evaluation of several of the client files noted above, the County was able to access information to support that the recipients were in fact eligible for the benefits received.

**FINDING 15-5 (REPEAT FINDING)**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

*Passed Through the N.C. Department of Health and Human Services:*

Program Name: Medicaid

CFDA #'s: 93.778

**IMMATERIAL NONCOMPLIANCE**  
**MATERIAL WEAKNESS**

Eligibility

*Criteria:* Supervisory review is a key component of strong internal controls over the functions of the Medicaid program. The County's internal control policies require the supervisory review be conducted on one to two client files per month per program type.

*Condition:* No evidence of supervisory review was found in the client files tested.

*Effect:* By not following supervisory review procedures that are in place, client files could contain incorrect documentation thereby allowing ineligible recipients to receive Medicaid services.

*Cause:* Technical issues related to NCFAS resulted in a backlog of client files that were due for redetermination. Supervisors that were responsible for client file reviews indicated that they were forced to assist personnel with processing their caseloads leaving insufficient time for client file reviews.

*Recommendation:* The County should ensure that the internal control policies related to supervisory reviews be followed allowing for timely client file reviews.

*Views of Responsible Officials and Planned Corrective Actions:* The County agrees with this finding. Internal control policies and procedures relating to supervisory review will be analyzed and the importance of timely reviews will be stressed to supervisory personnel.

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2015

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**FINDING 15-6 (REPEAT FINDING)**

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

*Passed Through the N.C. Department of Health and Human Services:*

Program Name: Subsidized Child Care Cluster – Temporary Assistance for Needy Families, Child Care and Development Fund, Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory/Match, Foster Care Title IV-E

CFDA #'s: 93.558, 93.575, 93.596, 93.658

**IMMATERIAL NONCOMPLIANCE**  
**MATERIAL WEAKNESS**

Eligibility

*Criteria:* Parent fees and the portion paid by the County should be determined and recorded accurately at initial application and at annual and quarterly redeterminations. Income used to arrive at parent fees shall be confirmed and client files should include documentation of this requirement. Also, the Application for Child Care Service (DCD-0456) must be current every twelve months, and the Child Care Action Notice (DCD-0450) must be completed every time a change is made.

*Condition:* Four participants paid incorrect amounts for parent fees. In addition, an Application for Child Care Services was not completed timely, and a Child Care Action Notice was not completed when client information changed.

*Questioned Costs:* \$12,845.

*Context:* In our test of 37 participant files, we noted four instances where parent fees were incorrectly calculated. We also noted one instance where the DCD-0456 was not completed for the year. We also noted one instance where the DCD-0450 was not completed when the parent fee had changed.

*Effect:* Parent fees, in three cases, were calculated to be higher than they should have been. Parent fees, in one case, were calculated to be lower than they should have been. Also, the County should not have paid for the clients whose application was not current.

*Cause:* Parent fees were determined with incorrect conversion factors in two cases. In one case, the parent fee was calculated correctly but not recorded in the system. In one case, the parent fee was recorded in error. In the case of the clients whose Application was not current, the clients were children with Child Protective Services, and the caseworker overlooked this requirement.

*Recommendation:* Personnel responsible for fee determination and file documentation should accurately record fees at initial determination and quarterly and annual determination as well as concluding that income was properly verified. Supervisory personnel should implement specific periodic review procedures to ensure accurate recording of correct fees and verification of income. All required forms should be completed in a timely fashion.

*Views of Responsible  
Officials and Planned  
Corrective Actions:*

The County agrees with this finding. Procedures will be implemented to ensure that fees are determined accurately and all income is verified and that periodic review procedures are performed by supervisory personnel.

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2015

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**FINDING 15-7**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

*Passed Through the N.C. Department of Health and Human Services:*

Program Name: Subsidized Child Care Cluster – Temporary Assistance for Needy Families, Child Care and Development Fund, Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory/Match, Foster Care Title IV-E

CFDA #'s: 93.558, 93.575, 93.596, 93.658

**IMMATERIAL NONCOMPLIANCE**

**MATERIAL WEAKNESS**

Activities Allowed or Unallowed

*Criteria:* All child care providers must be enrolled in the Subsidized Child Care Program before they receive their first payment for services rendered (Application for Enrollment to Be a Provider of Subsidized Child Care (DCD-0451). The provider must complete this and the Child Care Provider Agreement (DCD-0452) annually.

*Condition:* One provider's DCD-0451 and DCD-0452 expired in January 2015, and were not renewed. Students continued to attend that particular child care center

*Questioned Costs:* \$0. There were no costs during January 2015.

*Context:* In our test of eight provider files, we noted one instance where the required forms were not done annually.

*Effect:* The County should not have paid this provider.

*Cause:* The provider's agreement with the County expired in the middle of the fiscal year. Typically, providers' agreements expire near the end of the fiscal year, and the caseworker prepares the forms for all providers. The caseworker overlooked this provider.

*Recommendation:* Personnel responsible for required documents for providers need to ensure that all required forms are done in a timely manner.

*Views of Responsible  
Officials and Planned  
Corrective Actions:*

The County agrees with this finding. Procedures will be put in place to ensure that all required forms are done in a timely manner.



**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2015

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**FINDING 15-8 (REPEAT FINDING)**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

*Passed Through the N.C. Department of Health and Human Services:*

Program Name: Subsidized Child Care Cluster – Temporary Assistance for Needy Families, Child Care and Development Fund, Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory/Match, Foster Care Title IV-E; Medicaid

CFDA #'s: 93.575, 93.596, 93.558, 93.658, 93.778

**IMMATERIAL NONCOMPLIANCE**  
**SIGNIFICANT DEFICIENCY**

Reporting

*Criteria:* Employee day sheets must account for 100% of employee time as required in the DSS Services Information System User's Manual and, that program codes an activity codes are summarized correctly. Also, day sheet entries should be supported by documentation in client file records and day sheet summaries should be transferred to the DSS-1571 accurately to an eligible fund source.

*Condition:* Of the three case workers examined, one did not provide adequate documentation in client record files to support summary on day sheets for time charged to Service Information System (SIS) codes.

*Context:* In our test of specific dates (12<sup>th</sup> of November 2014 and 11<sup>th</sup> of March 2015), one caseworker did not provide supporting documentation for SIS coded time in the client files as listed on the day sheet for 11.53%, or 3 of 26 client files tested.

*Effect:* Time charged to SIS codes on the monthly 1571 report could have incorrect amounts or allocations of time.

*Cause:* The case worker failed to provide documentation in the individual case files that supported the work performed by SIS code per day sheets for the days tested.

*Recommendation:* Case workers should provide documentation in all case files to support day sheet summaries for time charged to SIS codes. Case workers should keep updated narratives and other documentation in files at all times. A weekly update of all narratives is recommended to meet this requirement.

*Views of Responsible  
Officials and Planned  
Corrective Actions:*

The County DSS agrees with this finding. The County DSS intends to conduct staff meetings to reiterate this requirement and the need for adequate documentation in the client files.

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2015

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**FINDING 15-9**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

*Passed Through the N.C. Department of Health and Human Services:*

Program Name: Subsidized Child Care Cluster – Temporary Assistance for Needy Families, Child Care and Development Fund, Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory/Match, Foster Care Title IV-E; Medicaid

CFDA #'s: 93.575, 93.596, 93.558, 93.658, 93.778

**IMMATERIAL NONCOMPLIANCE**  
**SIGNIFICANT DEFICIENCY**

Special Tests & Provisions

<i>Criteria:</i>	The Division of Social Services or a county department of social services must have a written contract in place for all services, elements or components of a service provided by an agency, individual, etc. and reimbursed by the county department of social services utilizing federal and/or State funds administered through the Division of Social Services. Any service purchased by a County DSS must have a contract unless a purchased service is covered in a specific program which does not require use of the updated contract guidance and has Federal and/or State funding. Examples include but not limited to Crisis Intervention Program (CIP), Day Care, and Family Foster Homes.
<i>Condition:</i>	Of the twelve months tested, neither provided substantiation of a contract for costs directly claimed for reimbursement on the 1571 report.
<i>Context:</i>	In our test of specific months (November 2014 and March 2015), neither report provided contract for purchased computer maintenance services.
<i>Effect:</i>	Costs charged for reimbursement on the monthly 1571 report could not have been enforced as to the terms of the contract, scope of work, rate, etc.
<i>Cause:</i>	The finance officer failed to provide substantiation for contracts.
<i>Recommendation:</i>	The County/DSS should have a written contract in place for all services, elements or components of a service provided by an agency, individual, etc. and reimbursed by the county department of social services utilizing federal and/or State funds administered through the Division of Social Services.
<i>Views of Responsible Officials and Planned Corrective Actions:</i>	The County DSS agrees with this finding. The County DSS intends to obtain contracts for all services, elements or components of a service provided by an agency, individual, etc. and reimbursed by the county department of social services utilizing federal and/or State funds administered through the Division of Social Services.

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2015

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**FINDING 15-10**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

*Passed Through the N.C. Department of Health and Human Services:*

Program Name: Subsidized Child Care Cluster – Temporary Assistance for Needy Families, Child Care and Development Fund, Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory/Match, Foster Care Title IV-E; Medicaid

CFDA #'s: 93.575, 93.596, 93.558, 93.658, 93.778

**IMMATERIAL NONCOMPLIANCE**  
**SIGNIFICANT DEFICIENCY**

Special Tests & Provisions

*Criteria:* Claims for overpayments in the Work First, Food and Nutrition Services Program (Food Stamps), Medicaid Programs and AFDC/TANF are to be entered and tracked in EPICS (Enterprise Program Integrity Control System) by all counties. The county must maintain adequate documentation to substantiate the overpayment for all cases.

*Condition:* The County EPICS supervisor and case worker have not dedicated the amount of time needed to adequately make inquiries to discover and track new claims. The County is currently not collecting new payments in the form of recoupments but some cash collections on existing cases.

*Questioned Cost:* \$0 – Does not apply.

*Context:* Results of our test showed that no significant time is spent by the County on the EPICS program and is currently not processing new applications. Very little, if any, fraud work is being performed.

*Effect:* County potentially could miss discovery of new fraud cases in which the County would be entitled to collect the overpayments.

*Cause:* The County Department of Social Services has had a significant amount of vacancies. Due to the vacancies, the EPICS supervisor and case worker did not dedicate any meaningful amount of time towards the program.

*Recommendation:* Personnel responsible for supervision should closely monitor the procedures and performance of staff and ensure controls are established, implemented and monitored in such a way the County is able to effectively monitor and recoup overpayments.

*Views of Responsible  
Officials and Planned  
Corrective Actions:*

The County DSS agrees with this finding. The County is unable to dedicate any meaningful time towards EPICS and acknowledges the potential for the County to miss the discovery of significant amounts of new fraud claims the County may be entitled to.

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2015

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**IV. STATE AWARD FINDINGS AND QUESTIONED COSTS**

**FINDING 15-11**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Medicaid

*REFER TO FEDERAL FINDING 15-4*

**FINDING 15-12**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Medicaid

*REFER TO FEDERAL FINDING 15-5*

**FINDING 15-13**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Subsidized Child Care Cluster: Child Care Development Fund – Administration, Child Care and Development Fund, Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory and Match, TANF, Foster Care Title IV-E, Social Services Block Grant Day Care

*REFER TO FEDERAL FINDING 15-6*

**FINDING 15-14**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Subsidized Child Care Cluster: Child Care Development Fund – Administration, Child Care and Development Fund, Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory and Match, TANF, Foster Care Title IV-E, Social Services Block Grant Day Care

*REFER TO FEDERAL FINDING 15-7*

**FINDING 15-15**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Subsidized Child Care Cluster – Temporary Assistance for Needy Families, Child Care and Development Fund, Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory/Match, Foster Care Title IV-E; Medicaid

*REFER TO FEDERAL FINDING 15-8*

**FINDING 15-16**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Subsidized Child Care Cluster – Temporary Assistance for Needy Families, Child Care and Development Fund, Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory/Match, Foster Care Title IV-E; Medicaid

*REFER TO FEDERAL FINDING 15-9*

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2015

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**FINDING 15-17**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Subsidized Child Care Cluster – Temporary Assistance for Needy Families, Child Care and Development Fund, Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory/Match, Foster Care Title IV-E; Medicaid

*REFER TO FEDERAL FINDING 15-10*

**JONES COUNTY, NORTH CAROLINA**  
**CORRECTIVE ACTION PLAN**  
For The Fiscal Year Ended June 30, 2015

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*FINANCIAL STATEMENT FINDINGS*

*FINDING: 15-1*

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: The County has determined that we are willing to accept the risks associated with this deficiency.
- C. Proposed Completion Date: No corrective action will be taken at this time.

*FINDING: 15-2*

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: The Board will be given monthly budget reports for review. Procedures will be implemented to ensure that budget amendments will be made as necessary prior to expenditures being incurred.
- C. Proposed Completion Date: The County plans to begin this process immediately.

*FINDING: 15-3*

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: Procedures will be implemented to closely monitor bond renewal dates to avoid a lapse in coverage.
- C. Proposed Completion Date: The County plans to begin this process immediately.

*FEDERAL AWARD FINDINGS*

*FINDING: 15-4*

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: Procedures will be implemented to ensure that proper documentation is included in each client file and that accurate income calculations are performed.
- C. Proposed Completion Date: The County plans to begin this process immediately.

*FINDING: 15-5*

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: Internal control policies and procedures relating to supervisory review will be analyzed and the importance of timely reviews will be stressed to supervisory personnel.
- C. Proposed Completion Date: The County plans to begin this process immediately.

**JONES COUNTY, NORTH CAROLINA**  
**CORRECTIVE ACTION PLAN**  
For The Fiscal Year Ended June 30, 2015

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*FINDING: 15-6*

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: Procedures will be implemented to ensure that fees are determined accurately and all income is verified. Periodic reviews procedures will be performed by supervisory personnel.
- C. Proposed Completion Date: The County plans to begin this process immediately.

*FINDING: 15-7*

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: Procedures will be implemented to ensure that all required forms are completed in a timely manner.
- C. Proposed Completion Date: The County plans to begin this process immediately.

*FINDING: 15-8*

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: The County DSS intends to conduct staff meetings to reiterate the requirements and the need for adequate documentation in the client files.
- C. Proposed Completion Date: The County plans to begin this process immediately.

*FINDING: 15-9*

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: The County DSS intends to obtain contracts for all services provided by an agency, individual, etc. and reimbursed utilizing federal and/or State funds.
- C. Proposed Completion Date: The County plans to begin this process immediately.

*FINDING: 15-10*

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: The County DSS is unable to dedicate any meaningful time towards EPICS and acknowledges the potential for the County to miss the discovery of significant amounts of new fraud claims and is willing to accept the risks associated with this deficiency.
- C. Proposed Completion Date: The County plans to begin this process immediately.

**JONES COUNTY, NORTH CAROLINA**  
**CORRECTIVE ACTION PLAN**  
For The Fiscal Year Ended June 30, 2015

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*STATE AWARD FINDINGS*

*FINDING 15-11*

*REFER TO FEDERAL FINDING 15-4*

*FINDING 15-12*

*REFER TO FEDERAL FINDING 15-5*

*FINDING 15-13*

*REFER TO FEDERAL FINDING 15-6*

*FINDING 15-14*

*REFER TO FEDERAL FINDING 15-7*

*FINDING 15-15*

*REFER TO FEDERAL FINDING 15-8*

*FINDING 15-16*

*REFER TO FEDERAL FINDING 15-9*

*FINDING 15-17*

*REFER TO FEDERAL FINDING 15-10*



**JONES COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For The Fiscal Year Ended June 30, 2015

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<b><u>FINDING 14-1</u></b>	<b>(Financial Reporting)</b>
STATUS:	Not corrected. See current year finding 15-1.
<b><u>FINDING 14-2</u></b>	<b>Budget Overexpenditures</b>
STATUS:	Not Corrected. See current year finding 15-2.
<b><u>FINDING 14-3</u></b>	<b>Medicaid</b>
STATUS:	Not corrected. See current year finding 15-4.
<b><u>FINDING 14-4</u></b>	<b>Medicaid</b>
STATUS:	Not corrected. See current year finding 15-5.
<b><u>FINDING 14-5</u></b>	<b>Subsidized Child Care Parent Fees</b>
STATUS:	Not corrected. See current year finding 15-6.
<b><u>FINDING 14-6</u></b>	<b>Medicaid Transportation</b>
STATUS:	Corrected.
<b><u>FINDING 14-7</u></b>	<b>Medicaid Transportation</b>
STATUS:	Corrected.
<b><u>FINDING 14-8</u></b>	<b>Social Services Block Grant</b>
STATUS:	Corrected.
<b><u>FINDING 14-9</u></b>	<b>Day Sheets</b>
STATUS:	Not Corrected. See current year finding 15-8.
<b><u>FINDING 14-10</u></b>	<b>Medicaid</b>
STATUS:	Refer to Finding 14-3.
<b><u>FINDING 14-11</u></b>	<b>Medicaid</b>
STATUS:	Refer to Finding 14-4.
<b><u>FINDING 14-12</u></b>	<b>Subsidized Child Care Parent Fees</b>
STATUS:	Refer to Finding 14-5.
<b><u>FINDING 14-13</u></b>	<b>Medicaid Transportation</b>
STATUS:	Refer to Finding 14-6.

**JONES COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For The Fiscal Year Ended June 30, 2015

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**FINDING 14-14**      **Medicaid Transportation**

STATUS:                      Refer to Finding 14-7.

**FINDING 14-15**      **Medicaid Transportation**

STATUS:                      Refer to Finding 14-8.

**FINDING 14-16**      **Day Sheets**

STATUS:                      Refer to Finding 14-9.

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**  
For The Fiscal Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>FEDERAL PROGRAMS</b>				
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>				
<b><u>Food and Nutrition Service:</u></b>				
<i>Passed Through NC Department of Health and Human Services:</i>				
<b>Division of Social Services:</b>				
<b>Administration:</b>				
<b>Supplemental Nutrition Assist. Program Cluster:</b>				
<i>Administered by County Dept. of Social Services:</i>				
<i>State Administrative Matching Grants for the</i>				
Supplemental Nutrition Assist. Program	10.561	\$110,288		\$110,288
Supplemental Nutrition Assist. Program Fraud	10.561		\$42	
<b>Total Supplemental Nutrition Assist. Program Cluster</b>		<b>\$110,288</b>	<b>\$42</b>	<b>\$110,288</b>
<i>Passed Through NC Department of Health and Human Services:</i>				
<b>Division of Public Health:</b>				
<b>Administration:</b>				
<i>Administered by County Health Department:</i>				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	\$50,957		
<b>Direct Benefit Payments:</b>				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	127,059		
<b>Administration:</b>				
WIC Grants to the State	10.578	483		
		<b>\$178,499</b>	<b>\$0</b>	<b>\$0</b>
<b>Food Distribution Division:</b>				
<i>Administered by County Dept. of Social Services:</i>				
Commodity Supplemental Food Program	10.565	\$15,878		
<b>Passed thru NC State Controller</b>				
School and Roads - Grants to State	10.665	43,171		
		<b>\$59,049</b>	<b>\$0</b>	<b>\$0</b>
<b>Total U.S. Department of Agriculture</b>		<b>\$347,836</b>	<b>\$42</b>	<b>\$110,288</b>
<b><u>US DEPARTMENT OF INTERIOR</u></b>				
Direct Payment in Lieu of Taxes	15.226	<b>\$91,479</b>	<b>\$0</b>	<b>\$0</b>

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**  
For The Fiscal Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
<i>Passed Through NC Department of Commerce:</i>				
<b>Community Development Block Grant Cluster:</b>				
2011 CDBG - NC Catalyst Grant	14.228	\$376,060		
<b>Total U.S. Department of Housing and Urban Development</b>		<b>\$376,060</b>	<b>\$0</b>	<b>\$0</b>
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>				
<i>Passed Through NC Department Environmental and Natural Resources:</i>				
Capitalization Grants for Drinking Water State Revolving Fund Loan	66.468	\$83,239		
Hazard Mitigation Grant Fund	97.039	67,645		
<b>Total U.S. Environmental Protection Agency</b>		<b>\$150,884</b>	<b>\$0</b>	<b>\$0</b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>				
<i>Passed Through NC Department of Crime Control and Public Safety:</i>				
<b>Division of Emergency Management:</b>				
<i>Administered by County Department of Emergency Management:</i>				
Emergency Management Assistance	97.042	\$38,207		
<b>Total U.S. Department of Homeland Security</b>		<b>\$38,207</b>	<b>\$0</b>	<b>\$0</b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>				
<b><u>Administration on Aging:</u></b>				
<i>Passed Through NC Department of Health and Human Services:</i>				
<b>Aging Cluster:</b>				
<i>Administered by County Finance Department:</i>				
<i>Special Programs for the Elderly-</i>				
Title III C-Nutritional Services (Congregate)	93.045	\$43,438	\$2,555	
Title III C-Nutritional Services (Home Delivered Meals)	93.045	23,250	33,321	
Access Services Transportation	93.044	21,553	1,268	
NSIP Supplement	10.570	12,647		
In Home Aid	93.667	1,133	32	
In Home Services			16,135	
Senior Companion	93.044	639	38	
<b>Total Aging Cluster</b>		<b>\$102,660</b>	<b>\$53,349</b>	<b>\$0</b>
<b><u>Office of the Population Affairs:</u></b>				
<i>Passed Through NC Department of Health and Human Services:</i>				
<b>Division of Public Health:</b>				
<i>Administered by County Health Department:</i>				
Family Planning Services Title X	93.217	\$7,039		
Temporary Assistance for Needy Families	93.558	69,666		
<b>Total Population Affairs</b>		<b>\$76,704</b>	<b>\$0</b>	<b>\$0</b>

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**  
For The Fiscal Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b><u>Administration for Children and Families:</u></b>				
<i>Passed Through NC Department of Health and Human Services:</i>				
<b>Division of Social Services:</b>				
<b>Foster Care and Adoption Cluster:</b>				
Title IV-E Foster Care-Administration	93.658	\$81,766	\$27,020	\$52,311
Foster Care-Direct Benefit Payments	93.658	10,420		1,835
Adoption Assistance-Direct Benefit Payments	93.659	16,428	18,356	5,796
<b>Total Foster Care and Adoption Cluster</b>		<b>\$108,613</b>	<b>\$45,376</b>	<b>\$59,942</b>
<b><u>Temporary Assistance for Needy Families Cluster</u></b>				
<i>Administered by County Dept. of Social Services:</i>				
Work First/Temporary Assistance for Needy Families (TANF)	93.558	\$39,949		\$18,820
Work First Services	93.558	152,136		80,017
Work First/TANF-Direct Benefit Payments	93.558	37,190		1,654
<b>Total TANF Cluster</b>		<b>\$229,275</b>	<b>\$0</b>	<b>\$100,491</b>
NC Child Support Enforcement Section	93.563	\$517		\$267
IV-D Administration	93.563	215,413		110,970
		<b>\$215,930</b>	<b>\$0</b>	<b>\$111,237</b>
<i>Low Income Home Energy Assistance Block Grant:</i>				
Administration	93.568	\$5,406		
Crisis Intervention Program	93.568	19,799		
Energy Assistance Payments-Direct Benefit Payments	93.568	68,100		
		<b>\$93,305</b>	<b>\$0</b>	<b>\$0</b>
Family Preservation	93.556	<b>\$1,283</b>	<b>\$0</b>	<b>\$0</b>
Permanency Planning-Administration	93.645	<b>\$1,641</b>	<b>\$0</b>	<b>\$547</b>
DMA Equipment	N/A	<b>\$3,329</b>	<b>\$0</b>	<b>\$1,110</b>
<i>Passed Through NC Department of Health and Human Services:</i>				
<b>Division of Social Services:</b>				
Social Services Block Grant	93.667	<b>\$50,585</b>	<b>\$6,198</b>	<b>\$18,927</b>

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**  
For The Fiscal Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>Division of Child Development:</b>				
<b>Subsidized Child Care</b>				
<u><b>Child Care Development Fund Cluster:</b></u>				
<b>Division of Social Services</b>				
Child Care and Development Fund	93.596	\$78,571		
<b>Division of Child Development:</b>				
Child Care and Development Fund-Discretionary	93.575	235,088		
Child Care and Development Fund-Mandatory	93.596	85,486		
Child Care and Development Fund-Match	93.596	25,746		
<b>Total Child Care Development Fund Cluster</b>		<b>\$424,890</b>	<b>\$0</b>	<b>\$0</b>
Temporary Assistance for Needy Families	93.558	\$65,978		
Foster Care Title IV-E	93.658	5,392	\$2,792	
State Appropriations			65,136	
TANF-MOE Daycare			3,785	
<b>Total Subsidized Child Care</b>		<b>\$496,259</b>	<b>\$71,714</b>	<b>\$0</b>
<b>Center for Medicare and Medicaid Services:</b>				
<b><i>Passed Through NC Department of Health and Human Services:</i></b>				
<b>Division of Medical Assistance:</b>				
<i>Administered by County Department of Social Services:</i>				
Medicaid Administration	93.778	\$53,394	\$154	\$49,710
Medical Assistance Program	93.778	336,578		99,648
State Children's Insurance Program - N.C. Health Choice	93.767	2,583	754	58
<i>Administered by County Health Department:</i>				
Direct Benefit Payments:				
Medical Assistance Program	93.778	9,603,060	5,349,644	70,143
NC Health Choice	93.767	153,464	48,249	
		<b>\$10,149,078</b>	<b>\$5,398,801</b>	<b>\$219,559</b>
<b>Health Resources and Services Administration:</b>				
<b><i>Passed Through NC Department of Health and Human Services:</i></b>				
<b>Division of Public Health:</b>				
<i>Administered by County Health Department:</i>				
Maternal and Child Health Services Block Grant	93.994	<b>\$15,924</b>	<b>\$12,044</b>	<b>\$0</b>
<u><b>Immunization Cluster</b></u>				
Immunization Grants	93.268	\$5,205		
<b>Total Immunization Cluster</b>		<b>\$5,205</b>	<b>\$0</b>	<b>\$0</b>
<b>Centers for Disease Control</b>				
<b><i>Passed Through NC Department of Health and Human Services:</i></b>				
<b>Division of Public Health:</b>				
<i>Administered by County Health Department:</i>				
Cooperative Agreements for State Based Comprehensive				
Breast and Cervical Cancer Early Detection Programs	93.919	\$3,270	\$2,550	
Preventive Health and Health Services Block Grant	93.991	2,750		
Statewide Health Promotion Program	93.758	6,496		
Public Health Emergency	93.074	14,083		
		<b>\$26,599</b>	<b>\$2,550</b>	<b>\$0</b>
<b>Total U.S. Department of Health and Human Services</b>		<b>\$11,576,391</b>	<b>\$5,590,031</b>	<b>\$511,813</b>
<b>TOTAL FEDERAL ASSISTANCE</b>		<b>\$12,580,857</b>	<b>\$5,590,073</b>	<b>\$622,101</b>

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**  
For The Fiscal Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>STATE PROGRAMS</b>				
<b><u>NC DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>				
<b>Division of Social Services:</b>				
<i>Administered by County Department of Social Services:</i>				
Direct Benefit Payments:				
Supplemental Assistance			\$57,383	\$57,383
St Child Welfare/CPS			9,317	
DCD Smart Start			1,088	
		<b>\$0</b>	<b>\$67,788</b>	<b>\$57,383</b>
<b>Division of Public Health:</b>				
<i>Administered by County Health Department:</i>				
Communicable Disease			\$9,778	
Women's Preventative Health			1,070	
Adolescent Pregnancy Prevention			100	
Aid to Counties			78,930	
Environmental Health			2,680	
School Nurse Funding Initiative			54,166	
Risk Reduction/Health Promotion			565	
Aids-State			535	
Tuberculosis			2,078	
		<b>\$0</b>	<b>\$149,902</b>	<b>\$0</b>
<b>Total NC Department of Health and Human Services</b>		<b>\$0</b>	<b>\$217,690</b>	<b>\$57,383</b>
<b><u>NATURAL RESOURCE DIVISION</u></b>				
<i>Administered by County Department of Soil Conservation</i>				
Soil & Water Conservation				
		<b>\$0</b>	<b>\$38,314</b>	<b>\$0</b>
<b><u>NC DEPARTMENT OF PUBLIC SAFETY:</u></b>				
<i>Administered by County Finance Department:</i>				
Juvenile Justice and Delinquency				
		<b>\$0</b>	<b>\$86,595</b>	<b>\$0</b>
<b><u>NC DEPARTMENT OF TRANSPORTATION:</u></b>				
<i>Administered by County Finance Department:</i>				
14/DOT Waterline Relocation			\$37,447	
Elderly/Disabled Transportation Assistance Program (E&DTAP)			92,030	
		<b>\$0</b>	<b>\$129,477</b>	<b>\$0</b>
<b><u>NC DEPARTMENT OF INSURANCE:</u></b>				
SHIIP Grant				
		<b>\$0</b>	<b>\$4,570</b>	<b>\$0</b>
<b><u>NC DEPARTMENT OF PUBLIC INSTRUCTION:</u></b>				
Public School Building Capital Fund - Lottery Proceeds				
		<b>\$0</b>	<b>\$150,000</b>	<b>\$0</b>
<b>TOTAL STATE ASSISTANCE</b>		<b>\$0</b>	<b>\$626,646</b>	<b>\$57,383</b>
<b>TOTAL FEDERAL AND STATE ASSISTANCE</b>		<b>\$12,580,857</b>	<b>\$6,216,719</b>	<b>\$679,484</b>

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**  
For The Fiscal Year Ended June 30, 2015

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**BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Jones County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2015. The information in this SEFSA is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Jones County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Jones County.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or cost principles contained in the Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available.

**LOANS OUTSTANDING**

Jones County has the following loan balances outstanding at June 30, 2015. The loans made during the year are included in the SEFSA in the Federal expenditures presented in the schedule. Balances and transactions related to these programs are included in the County's basic financial statements.

Program Title	CFDA Number	Amount Outstanding
Capitalization Grants for Drinking Water State Revolving Fund Loan Financing with State of North Carolina by the Department of Environment and Natural Resources - Division of Water Resources \$2,015,000 loan, \$1,966,253 Expenditures to date	66.468	\$48,747

**CLUSTER OF PROGRAMS**

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.